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NEWS SUMMARY

GENERAL

Thirteen quizzed over IRA bombings

THIRTEEN people, including one woman, were being questioned by Scotland Yard's anti-terrorist squad last night about the IRA's recent London bombings.

They were detained under the Prevention of Terrorism Act after a series of dawn raids in London.

It is not thought any of them was directly involved in the latest campaign.

Howorth funeral

The funeral of explosives expert Kenneth Howorth, victim of last week's IRA bomb in Oxford Street, was held at the military chapel in Chelsea barracks.

Troops to leave

President Goukouni Oueddi of the central African republic of Chad said Libya would pull its troops from his country within two or three days.

Advanced train

British Rail is to put its prototype advanced passenger train into service on the London-Glasgow route from December 7. Back Page

Nuclear move

The loading of nuclear fuel into the first of Dungeness B's advanced gas-cooled reactors is expected to be approved this morning. Back Page

Rate plea lost

Conservative-controlled London borough of Bromley lost its High Court action to have the GLC supplementary rate quashed. Page 9

'Stay aboard'

The commander of the Soviet submarine held in Swedish waters has been banned by Moscow from leaving the vessel.

Fighter crash

A U.S. Air Force F-15 fighter crashed and its pilot is missing after a collision with another F-15 over the Gulf of Mexico. It is the third U.S. military aircraft crash in five days.

Chess draw

World chess champion Anatoly Karpov and challenger Viktor Korchnoi drew the 12th game of their title match. Karpov leads 4-1.

Two-part test

Riders applying for a solo motor-cycle test from March 29 next year will have to take the new two-part test.

Indian campaign

Twenty chiefs from Saskatchewan arrived in London to ask the Government to honour its treaty commitment to protect Canadian indians' rights.

Husband flees

Tony Mullins was let out of Brixton prison, where he was on remand on burglary charges, to be married. After the ceremony he escaped from his prison officer escort by jumping a wall.

Briefly . . .

Bill Shankly, former manager of Liverpool Football Club, left £99,000 in his will.

Two one-legged men made a 2,500 ft parachute jump off the Hampshire coast for charity.

A group of 14 MPs wants specialist police units set up to combat racist attacks.

Bomb exploded outside the Swiss airline office in Madrid, injuring three.

Man was shot dead in Hamilton, near Glasgow, after two men blew up his car and van.

BUSINESS

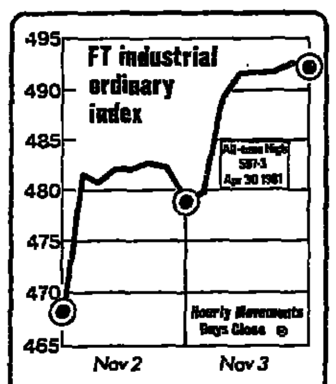
Pound and dollar steady

● DOLLAR rose to DM 2.2225 (DM 2.2220), FFr 5.59 (FFr 5.57) and SwFr 1.8025 (SwFr 1.8010), but eased to Y229 (Y229.1). Its trade-weighted index was unchanged at 107.6. Page 31

● STERLING fell 30 points to $1.8700, and to DM 4.1550 (DM 4.1650), SwFr 3.37 (SwFr 3.3750) and Y428.5 (Y429.5), but rose to FFr 10.4450 (FFr 10.43). Its trade-weighted index rose to 89.0 (88.9). Page 31

● GOLD fell $4 to $428. Page 31

● EQUITIES surged higher after the BL vote, and the FT



30-share index added 13.3 to 492.2. Page 38

● GILTS finished higher for the sixth successive session. The Government Securities index gained 0.27 to 61.93. Page 38

● WALL STREET was up 1.05 to 867.87 near the close. Page 32

● UK OFFICIAL RESERVES of gold and foreign exchange fell $380m last month to $23.32bn, their lowest for nearly two years. Back Page

● GOLD BULLION EXPORT figures will no longer be published by the Government. Page 8

● CBI is likely to renew pressure on the Government to introduce limited reflation and cut the national insurance surcharge. Back Page

● SWISS VOLKSBANK's state of health appeared to satisfy the financial community after disclosure of losses on sugar dealings. Back Page

● CHEMICAL BANK, New York's fifth largest bank, proposed to take over a bank in another state, challenging U.S. banking law which does not at present allow this. Back Page

● WESTERLY MARINE Construction, the largest builder of sailing yachts in the UK, has gone into receivership at the request of its directors. Back Page

● SHELL and ESSO will use a revolutionary underwater production system costing £360m to extract oil from the Cormorant Field in the North Sea. Page 8; Details, Page 12

● THOMSON Regional Newspapers asked its workforce to accept a £8.5m savings programme next year, including the loss of about 190 jobs. Newspaper Society warns NUJ on jobs. Page 11

● REED INTERNATIONAL reported pre-tax profits up for the six months to October 4, at £38m, compared with £27m. Page 24; Lex, Back Page

● TOZER, KEMSLEY & Milbourn (Holdings), international trading and finance group, reported a sharp fall in taxable profits for the first half of 1981, from £4.57m to £65,000. Page 24

● SKETCHLEY increased taxable profits from £2.24m to £3.54m in the half-year to September 25. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Adams and Gibbon	86	+ 10	Inter City Invs	20	+ 4
Assed Comms A	61	+ 8	Lucas Inds	187	+ 6
Avana	240	+ 10	Martonair	221	+ 6
BTR	340	+ 12	Plessey	315	+ 8
Beecham	210	+ 10	Polly Peck	375	+ 20
Bowater	200	+ 9	RHM	70	+ 10
British Cmwealth	288	+ 18	Ropner A	178	+ 8
Clarke (Clement)	123	+ 7	Simon Eng	373	+ 8
De La Rue	645	+ 30	Sketchley	258	+ 18
General Accident	340	+ 10	Smiths Inds	325	+ 18
GEC	712	+ 15	Sun Life	306	+ 10
Glaxo	430	+ 10	Taylor Woodrow	510	+ 30
Grand Metropolitan	166	+ 9	Thorn EMI	430	+ 15
GUS A	413	+ 13	Whitbread A	150	+ 9
GKN	160	+ 9	Clyde Petroleum	150	+ 17
Hambro Life	324	+ 11	Tricentrol	270	+ 8
Hartwells	71	+ 7	CRA	202	+ 10
Hawker Siddeley	312	+ 10	Minorco	450	+ 30
Horizon Travel	238	+ 13	Peko-Wallsend	360	+ 10
			FALLS		
ICI	280	+ 6	Sceptros	100	— 6

SIR MICHAEL EDWARDES GAINS ANOTHER VICTORY

BL workers vote to end strike

BY ARTHUR SMITH AND JOHN LLOYD

SIR MICHAEL EDWARDES, BL chairman, gained another victory last night as union leaders called off the national strike and urged the 58,000 workers in the car company to report for duty today.

The majority of workers at mass meetings across BL's 30 plants ignored their shop stewards' advice and voted to end their opposition to the company's pay package.

The dramatic collapse of a strike which threatened the future of the state-owned car company brought considerable relief to Government ministers.

It means that the first public sector settlement of the new pay round has come in just below the Government's 4 per cent target—though the traditionally more powerful mine workers have already received an offer of almost twice that amount.

Sir Michael's tough stance in refusing to budge from the offer of a 3.8 per cent increase in basic pay also gives a lead to private sector employers which —as the Confederation of British Industry conference showed—regard pay moderation as their most important aim this year. Sir Michael said last night he was "very pleased" by the decision and added that this was no time for recriminations.

Nonetheless the victory has been bought at a cost. Union leaders last night pointed to the low morale within BL and the danger of future unrest.

Mr Len Murray, the TUC general secretary, said: "The BL workers have given a clear decision on the settlement of their dispute. But neither the BL management nor the Government should take false confidence from this. They have both been given a warning—loud and clear—about their approach to industrial relations.

"The BL management must now grasp the chance that they have been given, and work to rebuild the confidence of their workforce, without which the company will never succeed."

Mr Terry Duffy, the president of the Amalgamated Union of Engineering Workers who strongly recommended his members to accept the revised offer, said he had "no qualms" about his statements, in spite of heavy criticism from shop stewards.

But, he warned BL management not to regard it as their victory. "It was not the management's tactics but the workers' responsibility which has won the day."

Senior shop stewards meeting in Birmingham reversed their strike call when they learned that union members throughout the company had voted by 25,058 to 19,683 to accept the company's pay offer.

Union leaders attempted to put a brave face to what is another success for Sir Michael's hard-line policy of refusing to give ground. They pointed to the company's "changed attitudes."

Mr Grenville Hawley, national automotive secretary for the Transport and General Workers' Union, said the strike had shaken Sir Michael and changed his attitudes.

Workers were looking for a change in attitudes and negotiating posture. Without that, trouble would be forthcoming within the plants.

Mr Hawley placed great emphasis on the company's pledges, given after the long talks involving the Government's Advisory Conciliation Arbitration Service on Saturday, to help improve communications and attitudes within the company.

BL's biggest plant at Longbridge, Birmingham, gave the lead when more than 10,000 workers voted by a 60 to 40 majority to return to work. They ignored the advice of their shop stewards that the revised deal offered by the company on Saturday represented only a marginal improvement on the original offer.

The improved offer, though leaving the increase in basic pay unchanged, put £1 on overtime and shift premiums, extended the £3.75 minimum bonus to cover periods of sickness, layoff and holiday and contained guarantees of improved communications between management, unions and workers.

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NEWS BOOSTS EQUITIES

SHARE prices on the London stock market hovered nervously while the BL workers voted, writes Duncan Campbell-Smith. But when news of the outcome came through, prices moved up smartly within minutes. The relief at BL's survival took the FT Industrial Ordinary share index from 480.0 at 10 am—a 1.1 advance on Monday's close —to 489.4 an hour later. The index, helped by a steady opening on Wall Street, closed up 13.3 at 492.2.

There were other bullish factors, including a gathering optimism about lower interest rates and the technical consideration that most subscribers for Cable and Wireless knew how much cash to set aside following the allotments on Monday —and how much could now be committed elsewhere in the market.

But the strong performance of shares in the engineering and motors sectors left no doubt of the dominant sentiment among investors. Lucas Industries and Dowty Group advanced 6p each, to 187p and 148p respectively, while Smiths Industries gained 18p to 325p.

Directors of ICI give up pay rise

By John Elliott, Industrial Editor

ICI's 10 executive directors have each given up salary increases and bonuses averaging about £15,000 this year and a further 90 senior executives have foregone salary increases averaging about £4,000 each.

This unusual demonstration of concern about a company's fortunes was decided on earlier this year when ICI cut its dividend.

The 10 directors, who earn between £65,000 and £135,000 a year, decided that they should make some sacrifice since they were asking their shareholders to accept reduced dividends.

They made no special attempt to publicise the decision at the time and it went largely unnoticed until was announced by Mr John Harvey-Jones, one of ICI's deputy chairmen, at the Confederation of British Industry's annual conference

He mentioned it to demonstrate the sacrifices being made at all levels in private sector companies.

The 10 main board directors, including Sir Maurice Hodgson, chairman, waived a 6 per cent productivity bonus paid to all staff for five months of 1980 and for the whole of 1981. ICI's other 84,000 employees in the UK, including the senior management, received the bonus.

Waiving that bonus amounted to the directors taking a pay cut because it is paid automatically every year at not less than 6 per cent. The move saved ICI £24,000 in 1980 and should save more than £50,000 this year.

The main board directors also decided not to take the 8.5 per cent general salary increase to which they were due after a similar figure had been negotiated for other employees.

The 90 divisional directors and other top executives, who earn from £30,000 to just under £65,000, then decided to make their own gesture and did not accept the 8.5 per cent pay rise which would have been paid from April.

£ in New York

—	Nov. 2	Previous
Spot	$1.8640-8660	$1.8780-8830
1 month	0.22-0.15 dis	0.17-0.10dis
3 months	0.25-0.15dis	0.17-0.10dis
12 months	0.40-0.60 pm	0.65-0.85prem

British Sugar takes 14.7% of RHM in market raid

BY CHRISTINE MOIR

BRITISH SUGAR, which narrowly beat off a bid from S. & W. Berisford, the international commodity traders, in the early summer, has become acquisitive in its turn. Yesterday it snapped up 14.7 per cent of Ranks Hovis McDougall, the Mothers Pride, Hovis and Bisto group, in a market raid.

However, it has stopped short of a full-scale offer for RHM whose market value of £195m exactly matches British Sugar's own.

Yesterday British Sugar instructed its brokers, Rowe and Pitman, to buy up to 14.99 per cent of RHM at 68½p in the market. Minutes later it pulled the brokers off the floor with 14.7 per cent of the shares flushed out at a total cost of £27.59m.

By then RHM's shares were beginning to move past the 68p level as an unidentified buyer came in with an order at 70p. At the end of the day RHM was 11p up at 71p.

British Sugar's next move was to allay suspicions that it might make an outright bid attack.

The board put out a conciliatory statement that it had "not yet decided" whether to make a full bid for RHM. In any case it intended to hold discussions with RHM and Berisford, its largest shareholder, "during the next few weeks."

At the same time Mr John Beckett, British Sugar's chairman, let it be known that his company was back in acquisitive mood after the bitter battle with Berisford. "Now is the right time to acquire a significant strategic stake in a company with a similar background. Like British Sugar, RHM is a major food manufacturing and distribution company in the UK with a strong agricultural base and similar markets," he said.

RHM's businesses split three main ways. There is the bread and cake baking division which takes in Hovis, Mother's Pride and Mr Kipling cakes; the grocery products which include Saxa Salt, Scot's Porage Oats, and Bisto; and an agricultural and animal feedstuff division.

British Sugar believes RHM will provide the diversification will provide the diversification the sugar beet industry to which it has so far been tied. However, Berisford is not so sure, and with 40 per cent of British Sugar's equity as a legacy of its own bid, will have a major say in any capital raising or share offer British Sugar would have to make to take over all of RHM.

Mr Gordon Percival, a Berisford's director, said it would wait for firm proposals from British Sugar. However, he thought RHM had "no attractions" for Berisford. "It needs a lot of capital injecting into it and without much prospect for growth," he said.

Nevertheless, the market reaction was to lift British Sugar's share price to 325p, a 2p rise on the day after a 6p rise the day before. Berisford's shares went up 1p in sympathy to 110p—its holding in British Sugar accounting for 42 per cent of the market value of £184m.

The outcome of the talks will not be known for several weeks and then British Sugar, under Stock Exchange rules, would need shareholders' approval for any further move, on the grounds of relative size and because it has no spare unissued capital.

Meanwhile an added element of uncertainty will be maintained over Berisford's intentions. It is four months into the compulsory 12-month cooling off period demanded of an unsuccessful bidder under the Takeover Code. But the Takeover Panel could waive the remainder if Berisford put up a good case for needing to protect its interests, or if a new group of shareholders emerged in the form of a proposed merger between RHM and British Sugar.

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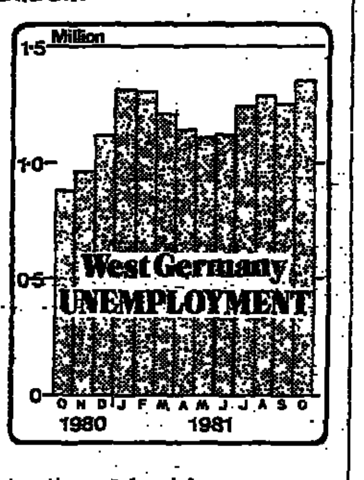
W. German jobless total up to 1.36m

BY STEWART FLEMING IN FRANKFURT



UNEMPLOYMENT IN West Germany reached 1.36m or 5.9 per cent last month compared with September's 1.25m or 5.3 per cent, according to official figures published yesterday, in the wake of a warning from Count Otto Lamsdorff, the Economics Minister that in peak months next year the figure could climb to 2m.

Count Lamsdorff's warning was accompanied by a strong hint that he hopes that in the forthcoming wage round the unions will settle, for a second consecutive year, for wage increases below the expected rate of inflation with living standards falling behind 1978 levels.

There has been growing pressure on the unions, in particular from the Bundesbank and employers, to accept a further cut in real income next year to allow corporate profits to increase to help finance higher capital investment.

But at the weekend Herr Oskar Vetter, the head of the German Trade Union Association, called for a programme to counter unemployment including a lowering of interest rates by the Bundesbank, price restraint by companies and the creation of 1m jobs.

Under these conditions, he said, the unions would be prepared to discuss measures which workers would find painful—a strong hint that the unions might then accept wage restraint.

Initial reactions from employers, however, have been to point to wage restraint as the decisive factor which will help turn the economy.

The October unemployment figures also showed a sharp in-

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Playboy sells UK organisation

BY DUNCAN CAMPBELL-SMITH

PLAYBOY Enterprises Inc. has agreed to sell its UK organisation, including its troubled casino operations to Trident Television for £17m.

The proposed deal is not subject to the outcome of the court appeals lodged by Playboy last month against the refusal of South Westminster magistrates to renew gaming licences at the Playboy and Clermont Clubs.

The Gaming Board has also sought to remove the licence of the Victoria Sporting Club but the magistrates have adjourned this case pending the Playboy and Clermont appeals.

The three casinos affected are the mainstay of Playboy's UK business, whch also comprises smaller casinos in Manchester and Portsmouth, 80 betting shops and a half interest in two other casinos jointly owned with Mecca.

In acquiring the business, Trident will take up the appeal lodged by Playboy. The television company said yesterday that it had also applied last week to the Gaming Board for certificates of consent which could allow it to obtain gaming licences in its own right next year.

Mr Ward Thomas, Trident's chairman, said last night: "One has to accept the fact that there is a risk. But we have noted Lonhro's example in the case of the International Sporting Club —and Lonhro was left at the end of the day with a going operation."

Lonhro bought two casinos from the Coral Leisure Group while an appeal was pending against a withdrawal of licences. The Victoria Sporting Club itself was acquired by Playboy under similar circumstances. A change of ownership for the affected business did not lead the Gaming Board or the police to drop their objections in any of these cases, though it was usually seen as a major factor in the subsequent decision of the courts to uphold the appeal.

If Trident can succeed with its appeals, which are due to be heard early next year, it will have acquired for £17m a business which earned pre-tax profits of around £16m in the year to June 30

The company announced in June that it had agreed in effect to divest itself of 80 per cent of Tyne Tees Television and 85 per cent of Yorkshire Television, at present wholly-owned subsidiaries.

The proceeds of these sales, which Trident was directed to make by the Independent Broadcasting Authority last December, should amount to between £10m and £12m, according to Mr Ward Thomas. This, together with borrowings of £5m to £7m, will finance the Playboy purchase.

The deal could mark a drastic change in future Playboy operations. Casino earnings accounted for about 85 per cent of the group's worldwide pre-tax trading profits of just under $40m in the year to June 30.

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Solidarity call for 'active strikes'

GDANSK.—Some leaders of Poland's Solidarity union yesterday called on members to take control of their places of work in future rather than paralyse them through strike action.

The union's 107-member ruling national commission, meeting in Gdansk, heard calls for "active strikes" in which workers would remain on the job but themselves dispose of what they produced.

The meeting was called to discuss ways of ending a wave of wildcat stoppages and took place after Mr Lech Walesa, Solidarity's leader, persuaded 100,000 strikers to return to work in the sulphur-producing region of Tarnobzreg on Monday. Strike leaders from three other regions, however, pleaded strongly for understanding and said that ending their strikes without their grievances being settled would only cause further trouble.

Strikes continue in Zielona Gora, Sosnowiec and Zyrardow in defiance of calls by both the union and Parliament for an immediate end to all industrial action.

Most speakers yesterday acknowledged a lack of discipline in the union ranks but said this arose from the number of complex problems facing Poland's workers—Reuter

Christopher Bobinski adds: An opinion poll carried out among Solidarity members last week showed that about 25 per cent approved of the Government-proposed strike ban. Only 43 per cent said they would take action against the strike ban if it was introduced.

Other recent surveys have shown that 67 per cent of the population is in favour of an end to strikes.

AP reports from Warsaw: Poland's public prosecutor has charged about 250 Communist Party officials, including a former Cabinet member, with corruption.

Thirty-one people held executive position in various offices and agencies "of a central level," the report said.

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French left-wing front breaks ranks

BY TERRY DODSWORTH IN PARIS

COMMUNIST deputies in the French National Asesmbly refused yesterday ot support the Government in a vote on the budget, for the second time in a week.

This split in the so-far united Socialist-Communist front in the Assembly has underlined the Communist Party's aim to differentiate itself from its Socialist partners, even while continuing to give "fundamental support" to the Government alliance.

In both cases, the Communists have chosen traditional targets for their attack. Yesterday, they proposed a special 10 per cent tax on the provisions made by oil refinery companies for currency fluctuations, refused to budge from this position and voted against the Government in the division.

Earlier in the budget debate, the Communists roundly criticised the watering down of the wealth tax proposals, which, they claimed had been made largely irrelevant by the Government's decision to allow a number of exonerations. They were particularly upset about the decision to ignore art collections for the calculation of the tax, a project personally supported by President Francois Mitterrand. In several votes on the wealth tax project, the Communists abstained.

The Communist moves have not unduly embarrassed the Government, which is now under less consistent pressure from the opposition than during the acrimonious nationalisation debate. But with an extremly heavy legislative programme still ahead during the rest of this year, it has been doing its best to meet Communist criticisms half way in order to maintain maximum support in the Assembly.

Following yesterday's debate, most of the main tax-gathering issues have been covered by the Assembly, including a new 30 per cent rate on certain company expense account charges, an exceptional tax on banks and oil companies and the wealth tax.

The National Assembly has also adpoted a new tax designed to increase the liability of about 1m high taxpayers, who are being required to make additional payments specifically to finance the national unemployment fund.

M Pierre Moussa, who resigned as chairman of Paribas, the French bank, during a row with the Government last week, has been named in a judicial inquiry into alleged infringements of customs and exchange regulations, writes Terry Dodsworth.

The inquiry was opened yesterday by M Christian Le Gunehec, the public prosecutor, after the French Customs authorities brought an action against the Banque de Paris et des Pays-Bas (Paribas) in the Paris law courts.

Three other officials of the bank, M Jean Richard, M Daniel Rouchy and M Jean Peynichou, all of them from the bank's private management department, are named in the action, along with M Pierre Latécoère, an industrialist. The customs charges allege that some 30,000 gold coins, worth about FFr 29m (£2.8m) and belonging to M Latécoère, were transferred by the bank to Canada in the summer of last year.

MEPs begin budget wrangling

BY JOHN WYLES IN BRUSSELS

THE European Parliament yesterday opened the EEC's annual budget wrangling season in Strasbourg armed with a battery of tactical ploys designed to alter member Governments' priorities for the Community's 1982 budget.

One priority unlikely to be seriously challenged by the time the Parliament votes on its draft budget tomorrow evening, however, is the desire to keep a fairly tight rein on EEC spending. In contrast to past years, the Parliament's budget committee, which masterminds the strategy, is not seeking to force the Council of Ministers to spend a great deal more money than it wishes, but rather to build up regional, social and aid policies at the expense of agriculture.

Thus, the committee is urging the Parliament's special budget session to add only around 400m units of account (£230m) to the draft spending plans totalling ua 21.76bn (£12.6bn) which have been submitted by the Council. But within that framework it is adding ua 428m (£248m) to regional and social spending, and either blocking or refusing to agree to ua 875m (£507m) of agricultural spending.

The additions to non-farm spending would restore the budget to something like the shape of the European Commission's original draft before Ministers put it under the knife in July.

The Parliament's word this week, however, will not be the last one. After the budget draft receives a First Reading tomorrow evening, the Council of Ministers will then give its verdict on the Parliament's amendments and send a revised version back for a Second Reading in December.

EEC coal output boost sought

BY OUR BRUSSELS CORRESPONDENT

WESTERN EUROPEAN coal producers yesterday demanded more effective action at European Community and national government levels to boost coal consumption and to expand the EEC's coal production capacity.

Launching the study, "Western Europe's new coal economy," a spokesman for the producers said they were anxious that the move away from dependence on imported oil and gas was too slow.

The study, produced by the Association of the Coal Producers of the European Community, argues that a "truly valid energy policy" is needed to assure long-term supplies. It says that the objective should be an expansion of coal-burning capacity, particularly in power stations.

Speaking for producers in Belgium, France, West Germany and the UK, the study calls for urgent decisions to build coal-fired power stations to change present consumption trends.

These trends point to power-station consumption of 329m tonnes of coal equivalent (tce) by the year 2000, which the study asserts is too low to achieve the aim of a substantial reduction of dependence on imported hydrocarbons.

Current projections point to total EEC consumption of 500m tce by the end of the century. The study argues that 550m to 570m tce would be a better target.

Swedish doubts over submarine report details

By Westerley Christner in Stockholm

THE SUPREME Commander of the Swedish armed forces, General Lennart Ljung, said yesterday that he was not satisfied with a preliminary report on how a Soviet submarine ran aground in a high security area off its south-east coast. He said the investigation would continue.

The General's comment surprised some officials, who said that the Swedish Government wanted the incident to be closed

On Monday night Gen Ljung said on Swedish television that he believed the submarine was engaged in espionage when it ran aground

The report he objected to was based largely on a seven-hour interrogation of Captain Piotr Gusin, the vessel's commander, and a navigation officer, followed by inspection of the submarine.

Ekofisk strike ends

A week-long strike by 500 oil and gas workers in the Ekofisk field in the Norwegian sector of the North Sea ended yesterday after pay "adjustments" were offered by Phillips Petroleum, the operating company, writes Fay Gjester in Oslo.

Two sides take tough approach to arms talks

By Bridget Bloom, Defence Correspondent

THE U.S.-Soviet arms control talks open in Geneva in less than a month and both sides are finalising positions which suggest that a speedy outcome will be impossible.

Public pronouncements by the two sides shows serious disagreements in several critical areas on the agenda of the discussions, which are designed to limit medium-range nuclear weapons in Europe. These differences concern weapons systems to be included in a future agreement, their ranges and location.

The Soviet Union wants any agreement to cover all Nato's medium-range weapons, including independent British nuclear forces, Dr Oleg Bykov, deputy director of the Soviet Institute of World Economy and International Relations, told a meeting at Chatham House, in London yesterday.

Dr Bykov, spelling out arguments by President Brezhnev in a West Germany magazine interview this week, stressed that Nato had more nuclear weapons in Europe than the Soviet Union—986 launchers against 975—and that Nato's planned 572 cruise and Pershing missiles would tip the balance dangerously.

The U.S.—which counts warheads and says Moscow has an advantage of 750—rejects this broad approach. It told its Nato allies last month that it favours negotiations limited to Cruises and Pershings and the Soviet SS-20s. Nato has also rejected as propaganda Soviet suggestions, repeated again this week, for a moratorium on all nuclear weapon deployment pending an agreement.

For their part, the Soviet Union scorns the so-called zero option as apparently now favoured by the Pentagon, which would offer to cancel the Nato missile deployments provided not only that the SS-20s were dismantled, but also the SS-4, SS-5 and SS-22 missiles.

One area of apparent common ground is that both sides talk of the need not just to limit but to reduce the numbers of weapons deployed. However, Dr Bykov yesterday made clear that Moscow was not prepared to reduce those nuclear weapons aimed at China. The U.S. claims these can also reach Europe.

Kohl sees danger in 'new neutralism and old nationalism'

BY JONATHAN CARR IN HAMBURG

A WARNING that the dangerous mixture of "new neutralism and old nationalism" could emerge in West Germany and threaten fredom in Europe has ben issued by Dr Helmut Kohl, the Christian Democrat opposition leader.

Opening his party's congress here yesterday Dr Kohl said no one had seen this danger more clearly than the Socialist Government in France. This sign of European concern should be taken seriously.

There was concern in the U.S. because the West German Left seemed to fear the American security guarantee within Nato rather than the threat from the Soviet Union. During his recent visit to Washington, Dr Kohl said he had constantly stressed his view that a majority of West Germans, now as before, felt their freedom and security lay in continued membership of the Atlantic Alliance.

None the less, partly because of the "weakness and lack of leadership" of the Bonn coalition, the growth of a "neutralistic nationalism" was to be feared which would aim to build a German Socialist republic in central Europe. But a neutral Germany would only be free so long as this pleased the Soviet Union, Dr Kohl declared. Without a free Germany, a free Europe could not be maintained either.

He did not suggest that Chancellor Helmut Schmidt favoured any such course, but he believed that those who thought like him were in a minority on the political Left.

Dr Kohl's remarks come as no surprise, following his recent highly critical comments on the pacifist movement and on last month's big demonstration in Bonn, at which U.S. policy in particular was attacked.

Some leading Christian Democrats have shown they are unhappy about Dr Kohl's tough stand and are anxious not to alienate young voters by appearing to direct blanket criticism at all demonstrators against the arms race.

Dr Kohl yesterday made an effort to meet his critics half way, stressing that he wanted a dialogue with the young and that he respected those who were pacifist by real conviction. But he also warned that the Soviet Union might well interpret the demonstrations in West Germany and elsewhere in Europe as a sign of weakness rather than a desire for peace.

This might make Moscow less ready to make concessions in negotiating with the West, he said.

Chorus becomes phantom of the opera house

BY JAMES BUCHAN IN BONN

THE CURTAIN has gone up on what is sure to be a noisy and discordant West German wage round with a series of random strikes by singers in opera house choruses.

A performance on Saturday night in Cologne of Wagner's "Lohengrin" was cancelled 15 minutes before the start for lack of a chorus to support the swan hero. In Mannheim, the same evening, Verdi's "Rigoletto" was performed, but the soloists must have felt like voices crying in the wilderness.

The singers' union has been demanding an extra half-day free each week for its members who work six days a week and get half-days off according to the length of the run.

The Federation of Theatres and Impresarios has rejected the demand as unrealistic and warned that it would impair the quality of performances.

The West German public, which is passionately devoted to opera, has taken the disturbances quietly: the audience at "Lohengrin" got its money back. But nobody wants a repetition of a performance of Wagner's "Die Meistersinger" in Munich in the summer, when the chorus appeared on stage and opened its collective mouth—but not a sound came out.

Demonstrators protest against Mr Haig's visit to Berlin. The banner reads: "Nothing is more important than peace."

W. German dissent hides growing U.S. popularity

BY JONATHAN CARR IN BONN

WEST GERMAN politicians visiting Washington recently were almost invariably greeted with a series of tough and worried questions. Is there really a big new wave of anti-Americanism sweeping the federal republic? How strong is the Pacifist movement? Can Chancellor Helmut Schmidt still push through the North Atlantic Treaty Organisation (Nato) twin-track "arm and negotiate" decision on nuclear missiles again opposition in his government coalition?

What, after all, is the U.S. to think when confronted with news of the demonstration in West Berlin against the visit there of Mr Alexander Haig, the U.S. Secretary of State in September; followed a week later by an attempt on the life of General Frederick Kroesen, commander of the U.S. Army in Europe; followed a few weeks after that by the biggest post-war peace demonstration in the federal republic, at which U.S. policy above all was under fire?

Against this background, the results of a poll taken recently by the Allensbach Institute, one of West Germany's most respected public opinion research organisations, seem surprising. They indicate a more positive attitude to the U.S. and Nato by most West Germans than recent events imply. They also show that over the years, the groundswell of public support for the U.S. and Nato has not altered dramatically, in spite of frequent political squabbles between Bonn and Washington.

Asked whether they liked Americans, 56 per cent of those questioned by Allensbach said they did, while 18 per cent said they did not. The institute say this is one of the most positive results it has obtained in reply to this question in 30 years. The ups and downs in West German feeling about Americans have never been very marked, and only once (in January 1957) did the number of those saying they liked the Americans fall below 40 per cent, according to the institute.

Naturally, friendliness for Americans does not automatically imply support for Nato, let alone for the "twin-track" missiles decision. But here too, the replies to Allensbach's questions are pretty positive. Asked whether they felt West Germany should stay in Nato or leave the alliance, nearly 80 per cent of those questioned spoke in favour of remaining and only six per cent for getting out. These are almost exactly the figures which emerged when the same question was put in January, 1969—before the present Social Democrat-Liberal coalition came to power in Bonn and the "Ostpolitik" of Herr Willy Brandt, the former Chancellor began.

The poll shows that in May this year 53 per cent of West Germans felt the Nato "twin-track" decision to be a good one, while 20 per cent did not. By last month, opinion had shifted against the decision—but not by very much, with 50 per cent still in support and 23 per cent against. As for another question, amounting to "would you prefer to be red than dead?" The answer indicates in Allensbach's view that pacifism was stronger in the West Germany of the 1970s than it is now.

> A recent poll shows the U.S. becoming more popular among West Germans. At the same time, they want a firmer say in decisions affecting their interests.

This summer, 45 per cent of those questioned said atomic war must be avoided at all costs, even if this meant living under Communism. In the 1970s, the figure was more than 50 per cent. Now 30 per cent say they would do everything to defend democracy, even at the risk of nuclear war. In the 1970s, the figure was about 20 per cent.

Of course none of this means that the U.S., Nato and Herr Schmidt have nothing to worry about. But it does raise the question why there is such a gap between the rather positive replies made to Allensbach and the disturbing events of recent months in West Germany.

Allensbach sees part of the answer in the exceptionally active way in which critics of the U.S. and the Nato "twin track" decision are prepared to push their case in public. It notes that supporters of "the Greens"—the anti-nuclear party which is playing a strong role within the "peace movement"—organise demonstrations to press their case, wear badges, attach stickers to their cars, in general make themselves highly visible particularly to the media.

Frau Elizabeth Noelle-Neumann, head of the Allensbach Institute, notes a discrepancy between the picture much of the media presents of these issues and the mood of the general public as revealed in the poll.

One partial explanation for this is that the West German Government's irritation with the U.S., above all during the Carter Administration, was not matched to anything like the same degree by the public at large.

But there is another point too—which has something to do both with the stand taken by politicians and the attitudes of ordinary West Germans.

Just over a year ago, West Germans were asked in an opinion poll what they thought was more important for the future—good relations with the U.S. or with the Soviet Union. A total of 63 per cent chose the former and only 12 per cent the latter. In 1954, when the pollsters put the same question, 62 per cent had chosen Washington and 10 per cent Moscow.

So far so good. But the question was also asked in the most recent poll whether West Germany should now wholly support Washington's foreign policy or decide in some cases to go its own way. Here 30 per cent spoke in favour of unqualified support and 56 per cent wanted a case by case decision.

These results indicate neither that the West Germans have become more anti-American, nor notably more pro-Russian. They do show that West Germans have a stronger sense of identity and of political wight. They want a firmer say in decisions affecting their interests, especially when the matter is one of life or death. This is a complicating factor for the U.S. and the Western Alliance — but there is little cause of interpreting it as a major threat to either.

Ecevit given jail sentence

By Metin Munir in Ankara

A MILITARY court in Ankara yesterday sentenced Mr Bulent Ecevit (55), the former Turkish Prime Minister, to four months in prison for denouncing the regime. He was jailed under a decree which forbids former politicians from making statements "on the past and future political and legal structure of Turkey" and engaging in politics.

Two weeks ago, Mr Ecevit issued a statement criticising a decision by General Kenan Evren's administration to disband all political parties. One of these was Mr Ecevit's social democratic Republican People's Party, which has either governed or formed the main opposition since the modern state of Turkey was founded 58 years ago.

Mr Ecevit said he did not support the military regime and mistrusted its intentions for the democratic future of Turkey.

There is no right of appeal against military court sentences of up to three years in prison and only the Ankara martial law commander can change the ruling. He is unlikely to do so. In such an important case as that of Mr Ecevit, which is bound to cause wide repercussions at home and abroad, the court almost certainly reached its decision after consulting the regime.

***At the moment*, Mr Ecevit is at liberty and will begin his sentence after the judges prepare a written document explaining their decision.**

In his defence, Mr Ecevit said he was not indulging in politics but using his constitutional right to "set the record staright." There is no doubt that he was genuinely unhappy about the state of his party. However, he may also have wanted to embarrass the regime

SINGAPORE POLL REVERSE

PAP complacency rudely shattered

BY KATHRYN DAVIES IN SINGAPORE

SEVEN THOUSAND Singaporean voters have rudely shattered the complacency of Prime Minister Lee Kuan Yew's ruling Peoples' Action Party (PAP) which has dominated the city state's political life for more than 18 years. Until last weekend the PAP held all 75 seats in the single chamber Parliament, having trounced the small and fragmented opposition parties at four general elections since 1968.

But on Saturday, at his sixth election attempt, Workers' Party Secretary-General and veteran Lee opponent, Mr Ben Jeyaratnam, 55, confounded most expectations by winning the Anson constituency with almost 52 per cent of the votes cast (voting in Singapore is compulsory).

The shock to the PAP system was all the greater because in last year's general election their candidate, Mr Devan Nair, polled 84 per cent of the Anson vote. The by-election was called when Mr Nair became President.

The loss of one parliamentary seat may not seem much of a threat to the Governing Party, but the Prime Minister reflected the general consternation in PAP ranks when he told local reporters after the poll that although he had expected a swing to the opposition of about 15 per cent. "I never expected 35 per cent. We'll have to find out why it happened and take the necessary measures."

To the extent that the Anson result seems to reflect some resistance to Mr Lee's concept of Singapore as a rugged, thrusting society, the Prime Minister may have genuine cause for concern. Anson is a largely working class constituency with many residents still working as hawkers (who run foodstalls), car park attendants, office messengers and labourers.

Like all Singaporeans, they have been hit by recent stiff rent rises, as well as increases in the cost of public utilities, transport and some foodstuffs.

While prices are officially 9.8 per cent higher than they were a year ago, foreign economists based in Singapore believe that the statistics tend to camouflage the real rate of inflation, which is closer to 15 per cent.

Anson voters also have housing problems, with many families crowded into one-room flats or threatened with eviction to make way for redevelopment. Mr Lee's concern about the Anson vote is sharpened by the fact that its problems are not unique in Singapore.

The PAP's response to these complaints in the past has been to reject the concept of "social welfarism" (often pointing to Britain as a disaster area in this respect) and to encourage the work ethic

Goh Chok Tong, Minister for Health, second Minister for Defence and the PAP Organising Secretary, said after the election that the Government would not modify its views.

Such sang-froid could lead to political difficulties for the PAP, which has in the recent past regarded elections primarily as a device to test the capabilities of a second generation of party leaders.

Prime Minister: Lee Kuan Yew

Men like Goh Chok Tong, Dr Tony Tan and Labour Minister Ong Teng Cheong, were all first approved by the Prime Minister and then smoothly inserted into the parliamentary system. Mr Jeyaratnam has thrown up an interesting challenge to the well worn PAP assumption that its candidates and policies attract automatic endorsement from the electorate.

China may 'restructure' commune system

BY TONY WALKER IN PEKING

CHANGES TO the Chinese constitution now being debated among China's leadership may *lead to a radical restructuring* of the commune system and the restoration of the position of State President, according to a well-placed Chinese official.

The forthcoming National People's Congress, to be held either later this month or early next month, will debate proposals for a revised constitution, the first full-scale revision since a new constitution was approved by the fourth NPC in 1975 near the end of the cultural revolution.

The highly-placed Chinese official criticised the present commune system, instituted by *chairman Mao in 1958.* He said it was unsuitable for present conditions. The government, he said, was planning to modify the commune structure and this would require changes to the constitution.

Under the proposals being studied, communes would be able to keep their agricultural functions, but a basic administrative and legal organisation would be separately established.

This body would be responsible for administering the law, public security and perhaps some enterprises—functions now performed by the commune.

The Chinese have reportedly already started experimenting with administrative changes to the commune system, having established a special town or "Xiang" near Chengdu, capital of Cichuan Province in China's central west.

The "Xiang" would take over some of the commune's administrative functions, cutting down on bureaucratic interference at commune level, a persistent complaint from peasant farmers.

The commune system, insituated virtually with the stroke of a pen by Mao, was regarded by the late chairman as one of his proudest achievements. Through the communes, Mao hoped to remove the last vestiges of private agriculture. Now, under new policies, peasant farmers are being encouraged to engage in more private production and a work responsibility system is being introduced which rewards those individuals who work harder.

OVERSEAS NEWS

Afghan guerrillas take cheer in holy war

BY DAVID DODWELL, RECENTLY IN ISLAMABAD

IT IS not just the marriage season which has given Afghanistan's refugees reason to celebrate. Their menfolk, many freshly returned to camps in Pakistan after fighting the holy war against infidel Communism in the high mountain plateaux of Afghanistan, are flush with tales of victory — of Soviets killed, of tanks blown up, of arms and ammunition captured, of Afghan soldiers defecting.

Compared with 12 months ago, mujaheddin (guerrilla) leaders based in Peshawar, the main city on Pakistan's North-West Frontier Province bordering Afghanistan, are different men. One admitted: "Last year we were very concerned. We had insufficient arms and even less ammunition. When the Soviets moved against us, they did great damage. Now we are more cheerful."

This change in mood is in no small part due to increasingly open support from Western and Arab countries, bringing a more regular supply of arms, ammunition, food and other supplies.

It is also due to an awareness that a jihad—or holy war—like the one the guerrillas are now fighting, is the stuff of which legends are made. Knowing that legends comprise generous fictional embellishment, the mujaheddin have not been slow to embroider their claims. If their stories were taken at face value, the Soviet forces in Afghanistan, estimated to number about 80,000, would have been annihilated.

For all that, the Soviet Army in Afghanistan and the regime of President Babrak Karmal, which it supports, face increasing problems. They no longer dismiss the Afghan guerrillas as a "minor irritant." One Warsaw Pact diplomat in Islamabad admitted: "The Afghan Government has severe difficulties. Afghanistan is no paradise. There is a civil war going on."

Fighting has moved into a higher gear in the past two *months. Major offensives by* combined Soviet and Afghan Government forces have been reported in the Kunar valley and in Logar province. A 15,000-strong force reportedly moved into the Panjshir valley, 40 *miles north of Kabul, the* Afghan capital, early in October. After heavy fighting, they temporarily wrested control from mujaheddin who had governed the valley almost as an autonomous state for two years.

Wounded mujaheddin from recent heavy fighting around Ghazni in Paktia province have just begun to arrive in Peshawar hospital, which admitted about 20 last week. At the same time, reports from mujaheddin, confirmed by the Soviet news agency Tass, talk of major clashes in the southern Afghan city of Kandahar and the western city of Herat.

Afghanistan radio last week reported that guerrilla activity had increased, with 1,100 buildings, including mosques, burned in recent weeks.

Border incidents have also occurred, as Afghan Government forces have attacked mujaheddin groups entering Afghanistan from Pakistan. An air attack by five Afghan jets and eight helicopters on one of their own border posts late last month has still not been explained. The post was not though *to have been occupied* by mujaheddin, nor had the Afghan Government troops there mutinied or tried to defect.

Western diplomats and mujaheddin leaders report that *Kabul is almost under seige.* Assassinations occur every night, as do kidnappings, they claim. Many Afghan officials are said to pay protection money to mujaheddin groups in the capital to ensure safety for themselves and their families.

The Afghan Government's decision in August to extend the call-up age for military service to 35, necessary because about 10,000 men (one-third of the army's strength) have reached the end of their three-year conscription period, prompted near-panic.

Thousands of Afghans fled the capital to avoid the draft. Taxis disappeared, government offices emptied, students and teachers deserted the campus of Kabul University. When the bakers left and the city was faced with the prospect of no bread, the Government relented. Bakers, drivers, students and university teachers were all exempted from the draft.

Mr Mohammed Yusif Farand, described as a senior economic advisor to the Afghan Government, who defected to Pakistan recently, claimed government offices were *barely operating,* taxes were not being collected and industries had shut down.

But the disruption may have been exaggerated, particularly in the countryside, where independent checking of mujaheddin claims is rarely possible.

It is true that many roads are littered with rusting remains of Soviet tanks and armoured personnel carriers, that villages in some areas have been reduced to rubble and abandoned dogs and poultry have gone wild.

But the large supplies of grapes, water melons and other fruit that arrive daily in Peshawar from Afghanistan indicate that agriculture has not been seriously disrupted. The mujaheddin *themselves admit* that Afghanistan is likely to have a good harvest this year. Similarly, Afghan trucks, heavily laden with timber, clog the road from the border at Parachinar to Peshawar and *beyond. For some, life clearly* continues almost as normal.

The guerrillas claim that Afghan government and Soviet forces rule the main towns and roads by day, but retreat to the safety of their barracks at dusk leaving the Mujaheddin to hold sway. This is probably an exaggeration, but there is no doubt that the Mujaheddin have achieved considerable freedom of movement, both by day and by night. They also find sympathisers willing to offer shelter and protection almost wherever they travel.

Arms, ammunition and supplies arrive regularly from abroad in Peshawar, from where they are carried by the Mujaheddin to the border and the fighting men beyond.

The arms, which come from Egypt, Sudan and China are mostly of Soviet design. This conveniently makes it impossible to distinguish them from arms captured from Soviet and Afghan government forces. They arrive by air and sea at Karachi, where they are loaded into lorries which drive in convoy to Peshawar. They are also brought in by small boats *to the fishing port of Gwadar, in* Baluchistan, west of Karachi and carried overland to Peshawar.

Guerrillas inside Afghanistan nevertheless claim that only 25 per cent of their arms come *from abroad, the rest being* captured. They say that external sources are much more important for ammunition and food, which often run short.

Better military training and improved co-operation between the Mujaheddin's seven major fighting groups operating inside Afghanistan are other reasons for the guerrillas' increasing success.

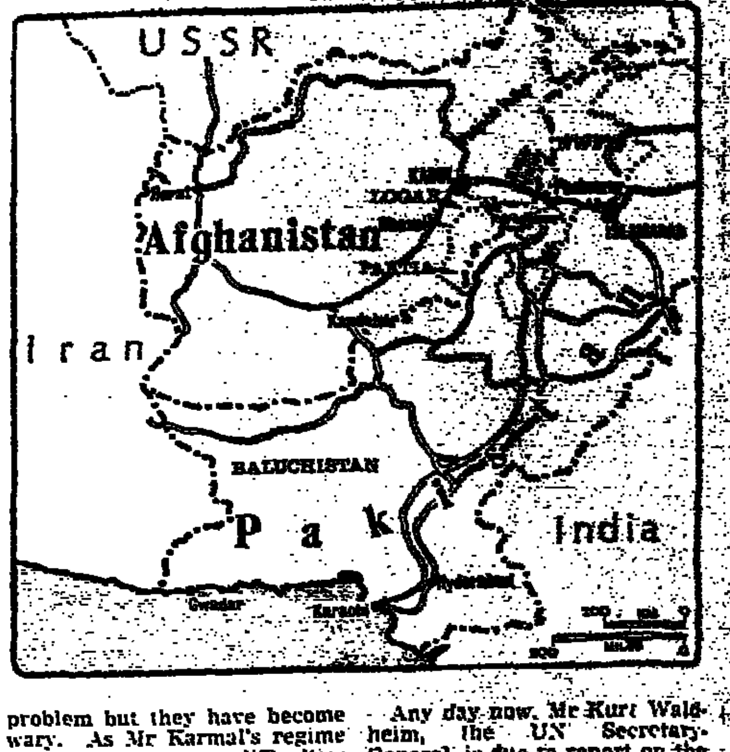
Mr Karmal's regime and its Soviet military advisers are keenly aware of the extent and value of the guerrillas' outside help. There is mounting evidence that the Afghan and Soviet armies have begun training men to infiltrate the Afghan refugee camps which clog Baluchistan and the North West Frontier Province in Pakistan.

The infiltrators have planted bombs, left arms caches and put leaflets in some caps. Fierce blood feuds, which have kept the frontier tribes in a state of *almost perpetual war for centuries,* make a good foundation on which subversion might flourish.

Neither the refugees nor Pakistan's authorities admit that that subversion is a serious problem but they have become wary. As Mr Karmal's regime meets increasing difficulties fighting Mujaheddin inside Afghanistan, it is by no means impossible that it will strike at their life-lines.

Pakistan's worries over the disruptive potential of its now huge refugee population are great enough to make it serious about the need for a political settlement to the Afghan crisis. But two years of international attempts to convene talks which might lead to peace have floundered.

Any day now, Mr Kurt Waldheim, the UN Secretary-General, is due to report on the progress so far of UN efforts to reach a settlement. This will pave the way for a debate on Afghanistan in the UN General Assembly between November 16 and 19. But to the Mujaheddin now preparing themselves for yet another winter of fighting —for some it will be the sixth in the snowy mountain passes that they want to call their home again—the debate must seem a distant, perhaps irrelevant affair.



West Bank houses destroyed

By Our Tel Aviv Correspondent

THE ISRAELI army blew up two houses and sealed up another in Hebron on the occupied West Bank early yesterday in what appears to be a renewal of the policy of collective punishment for Palestinian guerrilla attacks.

Three youths who were arrested on suspicion of having stabbed an armed Israeli settler in Hebron on Saturday *lived in the houses. The army* said that the youths had confessed.

The injured settler, who shot one of his assailants and a passer-by, has already been *released from hospital. Destroy*ing the houses of guerrillas was once normal Israeli policy on the West Bank.

Carrington flies to peace talks

BY OUR FOREIGN STAFF

MR YASSER ARAFAT, chairman of the Palestine Liberation Organisation left Saudi Arabia yesterday shortly before Lord Carrington the British Foreign *Secretary arrived.*

The two were in Riyadh to discuss with Crown Prince Fahd the details of his eight-point peace plan for the Middle East. If the separate talks make sufficient progress, Lord Carrington and Mr Arafat may meet formally, although the Foreign Office in London has denied that there are any plans for direct talks.

However, it is certain that Mr Arafat and Lord Carrington, who is in Riyadh in his capacity as President of the EEC Council of Ministers, will be able to exchange views through Saudi intermediaries.

The European nations in their Venice declaration last year called for PLO participation in negotiations leading to a comprehensive Middle East settlement.

Lord Carrington is seeking ways to combine elements from Crown Prince Fahd's plan with the Venice declaration to *broaden the basis for negotiations.* There is concern in Western Europe that the Camp David agreements will have lost much of their value after Israel completes its scheduled withdrawal from the remaining portion of Sinai next April.

Mr Menahem Begin, Israel's Prime Minister, has dismissed the Saudi plans as a formula for the destruction of the Jewish state. On Monday he sharply criticised Lord Carrington and the European initiative.

King Hussein of Jordan, who rejected participation in the Camp David process, has partially endorsed the Saudi proposals. He told President Reagan during his current visit to Washington that the plan was worthy of consideration.

But the Jordanian monarch remains unconvinced that the U.S. will press Israel for a just settlement, including full withdrawal from occupied territories. He emphasised that he *was seriously considering* purchasing arms from the Soviet Union.

The United Arab Emirates and Bahrain have meanwhile thrown their weight behind the Saudi plan which will be endorsed at a meeting of the Gulf Co-operation Council in Riyadh next week. From there the proposal will go to the full Arab summit in Morocco where it will run into strong opposition from hardline states who argue that Saudi Arabia should first have consulted other interested countries.

Meanwhile it has been reported from Egypt that American military aircraft have arrived in Cairo to prepare for joint military manoeuvres

Code-named "Bright Star," the exercises were arranged after the assassination of President Anwar Sadat

- The exiled Egyptian National Front Party yesterday called on President Hosni Mubarak to reject the peace treaty with Israel, remove all foreign bases from the country, free all political detainees and restore "the shattered economy on a socialist basis."

Crown Prince Fahd

Israelis unite in rejecting Saudi plan

By David Lennon in Tel Aviv

BOTH SIDES of the Israeli Knesset (parliament) yesterday overwhelmingly rejected the Saudi Arabian eight-point Middle East peace plan

During a two-day foreign policy debate, members demonstrated broad solidarity against both the Saudi and *European peace proposals.* This was seen as a major triumph for the Government of Mr Menahem Begin, the Prime Minister, which controls only 61 of the Knesset's 120 members.

A further confirmation of the unity of Opposition to the Saudi plan was the provisional agreement yesterday of the Labour Party, the main Opposition party, to join an inter-party delegation which the Government wants to send to the U.S. and Europe to explain Israel's rejection.

Massive poll victory for Tunisian leader

BY FRANCIS GHILES IN TUNIS

TUNISIAN voters have handed President Habib Bourguiba's National Front a massive poll victory. Over 94.8 per cent of the nearly 2m Tunisians who cast their votes on Sunday did so for the President's coalition. The coalition groups the *Destour Socialist Party* which has ruled Tunisia since independence in 1956 and the trade union, Union Generale des Travailleurs de Tunisie.

The major opposition party, the MDS (Mouvement des Democrates Socialistes), led by the former Minister of Defence, Mr Ahmed Mestiri, gained 3.28 per cent of the vote, the Left-wing Mouvement de l'Union Populaire 0.81 per cent and the *Communist Party 0.75 per cent.*

In Tunis itself, Mr Mestiri gained 1,603 votes against the National Front candidate, the Minister of Foreign Affairs, Mr Beji Caid Essebi. The results were equally disappointing for the Opposition in the other two Tunis constituencies, where they were widely expected to do better.

The results are bound to be questioned by the Opposition parties, especially in view of the many acts of violence and pressure which marred the campaign and the absence of observers from polling stations.

The outcome of the election does not necessarily threaten the process of liberatisation which has characterised Tunisian politics since Mr Mohammed Mzali succeeded Mr Hedi Nouira as Prime Minister 18 months ago. There are as many keen reformers inside the National Front as outside.

Energy Review: Exploration in Sudan — By John Kerr in Khartoum

Oil companies form a queue

THE PACE of oil exploration and development is quickening almost daily in Sudan — and could eventually do much to help the struggling economy.

The recent signing by Phillips Petroleum Europe-Africa for a 120,000 sq km exploration concession introduces a marked increase in activity in the sector. It is due to be followed early *in the New Year by two more* major concessions: 172,000 sq km to Sunmark, a division of Sun Oil of Dallas, and 70,000 sq km to Transpacific Oil and Minerals Canada. With over half a million sq km — about one-fifth of Sundan's land area —already marked out to Chevron, Total, Texas Eastern and Union Texas, this will bring over one-third of Sudan under exploration by late 1982.

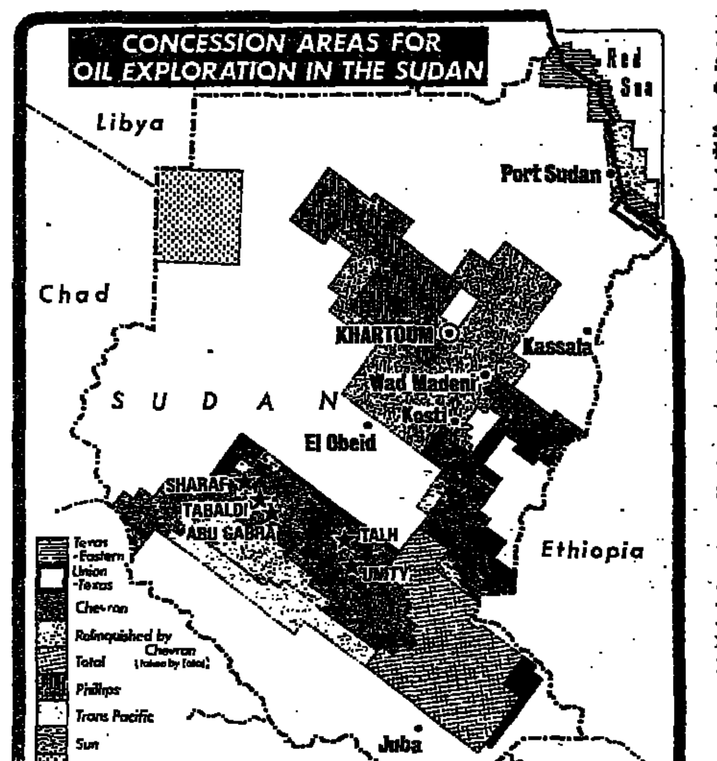
Others are forming a queue—letters are arriving from Mobil, Enserch and Atlantic Richfield, while Shell and Elf are expected to partner Phillips on its concession, but it may not be easy. Mr Yousif Suleiman, the *new State Minister of Energy* says: "Many, many big companies are interested. Unfortunately many of the promising areas have been allocated. So others have two ways to go: join in with those which have concessions or wait for relinquishments."

Immediately extractable reserves of Sudanese crude oil are put tentatively at 60-65m barrels. But probable reserves in Chevron's Unity field alone are estimated conservatively at 230m barrels and more boldly at up to 400m barrels—enough to run the planned Kosti refinery at 25,000 bpd—barrels per day—for 50 years. Further to the west at Abu Gabra, *Tabaldi*, Sharaf and *Talh*, flow rates of up to 8,000 bpd have been tested in half a dozen wells.

Oil finds, while not yet provoking dancing in the streets, have bred an optimism in the *population which to an extent* sees its nation as another Saudi Arabia in a matter of years. Mr Suleiman and his colleagues in government are formulating a tightly-controlled programme which will ensure that more *vital agricultural projects are* not submerged in the tide of an oil rush.

"Our first target is self-sufficiency" explains Yousif Suleiman. With oil consumption needs climbing by 10 per cent a year, the scheduled refinery at Kosti — about 170 miles south of Khartoum—could put Sudan halfway towards that target when it comes on stream in the middle of the decade.

However, the chances of *Sudan becoming a major oil exporter* are still remote.



Erana Radovic

Sudan's oil development programme is still in its infancy and many of its key aspects have yet to be fixed. No date has been set, for example, for complete self-sufficiency, largely because of ignorance of the potential reserves. The country may send crude to neighbouring African states like Zaire and Uganda before self-sufficiency and import more crude to be processed at the 25,000 bpd Port Sudan refinery and pumped along the pipeline to Khartoum.

Problems of distribution and supply are still a long way even from discussion. Dr Omer Elsheikh Omer, director of the General Petroleum Corporation, the government body which will manage the Sudanese oil, thinks that four to five months will elapse before the major refinery decisions are taken. (The GPC also takes 10-20 per cent equity in the Sudanese subsidiaries of *the major oil companies).*

Another interesing indicator of the upsurge in exploration is the cumulative total depth of wells drilled: around 310,000 feet from 31 wells against about 80,000 feet from about nine wells in 1978 and 50,000 feet up to the 1970s from Agip's six wells.

Some sporadic activity by Shell and others was followed by Chevron's appearance in 1974. The U.S. company drilled three *wells to no avail on the Red Sea* coast, and moved inland to its concesssions in the central southern regions. The first oil was found in 1979 at Abu Gabra in the south-west with larger finds in the Unity fields and others in 1980-81.

Of the 31 wells drilled so far, 24 are Chevron's and one belongs to the French company Total. By the end of this year Chevron will have ploughed about $210m into exploration in the Sudan; *the bill for 1981* alone — now to be supplemented — is estimated at $75m. *The oil itself* lies in five-metre thick sandstone at 11,000-14,000 ft in the Unity field and 9,000-11,000 ft in the Abu Gabra area.

Total is second on the scene with three exploration blocks: one of 7,500 sq km onshore on the Red Sea coast, one of 150,000 and one of 45,000 sq km in the central southern areas. Apart from one abortive well, it is still in the survey stages, working 15 months into its four-year contract partly on concessions relinquished by Chevron and Agip. It is shortly to begin a major seismic survey of its central southern block No. 3; no wells will be sunk before mid-1983.

Feelings often run high when Chevron and Total crews meet. With the U.S. company the undisputed leader in the game, it has built up logistical systems that function surprisingly smoothly given the conditions. Total has not, so it often has to borrow equipment or services—seats on Chevron's support aircraft and so on.

With the end of the rainy seasons, Chevron's efforts are being switched from the drier western Abu Gabra fields to the Unity areas—a massive undertaking in itself. The terrain is uncompromising, with no fixed roads or airstrips; some survey work even covers the desolate Sudd, a vast area of swampland through which the White Nile meanders. The exiled rig and survey crews live out cocooned, space-station existences, fed compensating luxury breakfasts and entertained with video movies brought in by the specialist supply companies.

Meanwhile, Texas Eastern is into its second season of seismic surveys on a Red Sea allocation of 27,500 sq km. "All our potential is offshore," says Khartoum manager Mr Doug Elliott. And Union Texas is working a 4,249 sq km Red Sea strip south of Port Sudan.

The scheduled refinery—and its 550 km pipeline from the Unity field—is now the baby of White Nile Petroleum. This body was set up in August this year with $1.5m working capital, its equity breakdown 40 per cent Chevron, 40 per cent Sudan Government and 20 per cent International Finance Corporation, and its main brief to find finance for refinery and pipeline construction.

Chevron, with its design and management consultancy Bechtel, is now evaluating five refinery designs and examining potential sites around Kosti. One design includes a delayed coker to provide a wider range *of distillation products.* Tentative tenders for equipment—the main distillation column, boilers, pumps, pipework and so on—are now being prepared by companies like Capper Neill which has considerable experience on hydroelectric and other power station work in the Sudan.

Opportunities for British engineering companies are promising; State Minister Suleiman expects tender invitations to go out by the end of the year.

But the finances needed are put at between $700m and $900m, the higher figure probably because the crude—a waxy fluid—will probably need to be heated along the full length of *the pipeline* for easier flow. A financial package is likely to include additional funding from Europe, the U.S., the Middle East and possibly Japan; White Nile Petroleum co-ordinator Elhadi Ibrahim Hassan expects funding to have been negotiated by next March.

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Chilean Government takes control of top financial institutions

BY MARY HELEN SPOONER IN SANTIAGO

THE CHILEAN Government has seized control of four banks, whose holdings represent nearly a fifth of all peso deposits, citing "administrative deficiencies." The Government also took control of four finance companies accounting for almost half the capital held by the savings and loans institutions.

Sr Miguel Ibanez, president of Chile's banking regulatory authority, said the move was aimed at rectifying problems in the eight institutions. The Central Bank would lend the banks and finance companies the necessary support to protect their operations.

He said no creditors or depositors would lose their money.

No timetable was given for the Government's intervention, or for returning control of the institutions to their owners.

The banks affected by the move include the Banco Espanol, which holds the second largest amount of peso deposits in the private banking sector, the Banco de Talca, the Banco Linares and the Banco de Fomento de Valparaiso. Together they account for 18.5 per cent of all peso deposits among Chilean private banks.

The finance companies involved include the two largest savings and loans institutions in Chile, the General Financiera and the Financiera de Capitales. The other two companies involved are the Financiera del Sur and the Financiera Cash.

The decision by banking authorities to intervene in the institutions comes two months after a new banking law gave Chile's bank regulatory authority widened powers to supervise financial institutions.

While the law is at odds with Chile's usual *laissez-faire* economic policies, officials of General Augusto Pinochet's military régime have been concerned by the concentration of capital and ownership in the country's financial structure.

These concerns were heightened last May when one of Chile's largest food processing conglomerates, the Crav Sugar Group, declared itself bankrupt, leaving debts among a dozen creditor banks.

The Crav case apparently served as a warning, and the new banking regulations were seen as an effort to reduce the chances of a chain of bankruptcies in the event of the collapse of a single company or financial group.

Alan Friedman adds: The Banco de Chile yesterday signed a $200m seven-year Eurocredit through a syndicate of banks led by Midland Bank International. The loan, believed to be the largest Eurocredit borrowing to date by a Chilean private institution, carries a margin of ⅝ per cent above the London interbank offered rate for the first three years and ¾ per cent above Libor thereafter.

Canada's Premiers wait for Trudeau compromise

BY JIM RUSK IN OTTAWA

CANADA's provincial Premiers were still waiting yesterday for Mr Pierre Trudeau, the Prime Minister, to make a compromise offer on constitutional reform as they went into a second day of negotiations.

Mr Trudeau promised at Monday's televised opening session of the constitutional conference that he was ready to be flexible. "But everybody is still waiting to see what the Prime Minister has in mind," Mr Peter Lougheed, Alberta's Premier, said ahead of yesterday's closed meeting of the Premiers and Mr Trudeau.

Mr Lougheed is one of the strongest opponents of Mr Trudeau's plans for constitutional change and a leader among the eight Premiers who are in disagreement with the federal Government.

While the 10 Premiers agreed on Monday for the first time that Canada ought to remove its constitution from British control, it is not clear that the talks will end in agreement on constitutional change.

Officials worked through Monday night to prepare proposals for discussion at yesterday's meeting. One possibility is the revival of a formula, first talked about a year ago, that would require unanimous provincial approval for changes most directly affecting provincial rights, but only a majority of six or seven provinces for other changes.

Pakistan aid seen as secure

By David Buchan in Washington

THE U.S. CONGRESS will approve a proposed aid package for Pakistan plus the sale of F-16 jets to bolster that country against Soviet expansion, a senior official predicts.

Mr James Buckley, an assistant Secretary of State, expressed confidence before a group of U.S. and Pakistani business leaders that any congressional opposition to aid and military sales to Pakistan would be overcome.

The Senate has already approved the six-year $3.2bn package of mixed economic and military aid for Pakistan. But the full House of Representatives has yet to act on the 1981-82 Foreign Aid Bill, which would authorise funds for a first segment of the aid.

The Reagan Administration believes that former President Carter's cut-off of aid to Pakistan in 1979 was counter-productive for the policy of getting Pakistan to halt its suspect nuclear programme. The better course, the Administration believes, is to meet Pakistan's security worries by selling it conventional weapons.

Legislators back modern train

WASHINGTON — The U.S. should emulate Japan, Western Europe and Canada and develop high-speed intercity railroad services, a congressional committee said yesterday.

"The construction and operation of a high-speed passenger rail system could play a vital role in reversing America's economic decline," a joint economic committee headed by Representative Henry Reuss (Democrat, Wisconsin), and Senator Roger Jepsen (Republican, Iowa), said.

The committee's report was released as leaders of the newly formed Japan-U.S. Rail Congress, comprised of 15 members of the Japanese Diet and 15 members of the U.S. House of Representatives and Senate gave evidence to the committee about their aim of bringing high-speed trains to the U.S.

The committee report pointed out that many of the world's major industrial nations had developed modern rail services since the Second World War, but the U.S. had allowed its system to deteriorate.

A.P.

THE U.S. SPACE SHUTTLE

Columbia set for second trip

BY DAVID LASCELLES IN NEW YORK

BARRING CLOUD, non-conversing computers and all the other things that can bedevil launches, the U.S. Space Shuttle will blast off for its second journey into earth orbit this morning, proving that the age of re-usable space hardware has arrived.

The space vehicle, Columbia, which flew last April, will lift off from Cape Canaveral at 7.30 am local time. The only part of the main assembly that is new is the central fuel tank, which is designed to disintegrate after being jettisoned by Columbia as it moves into orbit.

The launch was originally scheduled for September 30, but was twice delayed, once because of problems in preparing the craft for take-off, next because of a fuel spill, which dissolved the glue holding the heat-resistant tiles designed to protect the craft against the searing heat of re-entering the Earth's atmosphere.

This means that the time between the missions lasted seven months. Once the Shuttle gets into full swing, the National Aeronautics and Space Administration (Nasa) hopes to cut this to a mere fortnight.

The second mission is altogether more ambitious than the first, which lasted 55 hours and was made to test the craft and its systems. Astronauts Joe Engle and Richard Truly will be putting more equipment through its paces, but will also conduct scientific experiments during their 83 orbits lasting five days.

The biggest novelty is a 50 ft extendable jointed arm installed inside the Orbiter's cargo bay, which will be used to manhandle the space objects that the Shuttle will deliver to and recover from orbit on future missions. The arm, which cost $80m (£43m) to develop, is a gift from Canada, which hopes to get the orders for whatever other arms are needed inf uture.

The arm will be tested during this mission. Part of its job will be to hold a television camera to view the Orbiter from different angles.

Scientific equipment in the cargo bay includes a large radar antenna, which will scour the surface of the Earth for information about geology and the oceans. Other equipment will make measurements about the Earth and space and photograph thunderstorms. The total payload on board the craft is about 19,000 lbs.

As before, the mission will end with a landing on the dry mud flats of the Edwards Air Force Base in California. Eventually, the aim is to have the Orbiter fly back to Cape Canaveral. Two more launches will be made late next spring and in the early summer to complete the Shuttles four-mission test phase. After that, it will go into "commercial" operation, hauling experiments into space and servicing satelites.

In spite of the enthusiasm that the Shuttle has aroused, nagging doubts about its long term viability persist. Its huge cost has severely curtailed other Nasa projects and even raised the possibility that one major project may have to be scrapped.

Nor does the Shuttle have the field to itself. The delays that have plagued the programme may force potential commercial users to consider alternatives, such as the European launch project and private companies. Even though Nasa has ordered a second Orbiter and laid plans for a third and fourth, their capacity may be insufficient to meet commercial demand for access to space.

Michael Donne, Aerospace Correspondent, adds: The European aerospace industry will be strongly represented on the shuttle. It will be carrying in its big cargo bay a re-usable "pallet," carrying instruments for five scientific experiments, designed, developed and built by European aerospace companies, headed by ERNO of West Germany, and including British Aerospace and companies in Austria, Belgium, Denmark, France, Italy, the Netherlands, Spain and Switzerland.

The first pallet to be used in space aboard the Shuttle is in turn part of the overall "Spacelab," a manned space laboratory designed and built in Europe by the European Space Agency under contract with Nasa.

Senate leader urges defence tax

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. Senate's Republican leader, Mr Howard Baker, has floated the idea of a new national defence tax to finance President Reagan's military build-up and to help reduce budget deficits in the coming years.

The tax would be fed into a special national defence fund that could be large enough to finance the entire defence budget, which, at over $180bn this year, represents more than a quarter of the total federal budget. It would last only so long as was necessary to maintain the build-up.

Senator Baker's aides yesterday stressed that the idea was still at a preliminary stage and that no specific method of taxation had yet been selected. The new tax, however, was envisaged as outside the current general revenue framework and could, according to one view, be a federal sales tax.

The idea is being studied spearately from other suggestions, such as a windfall profits tax on natural gas and a value-added tax, which are being considered on Capitol Hill as a means of closing the budget deficit. Projections of the deficit's likely size continue to grow larger

Mr Baker's aim would be to relieve pressure on other spending programmes, such as the social and welfare system, by creating a separate financing system for defence. The hope is that the Administration would be able to escape criticism for boosting defence spending at the expense of everything else.

As yet, however, there is no indication whether the tax would be supported by Congress, the Administration or the general public.

U.S. officials view budget deficit in fresh light

BY DAVID LASCELLES AND DAVID BUCHAN

THE U.S. Administration, faced with tough political resistance to its latest round of spending cuts and by a fast-weakening economy, seems to be beating a retreat from its promise to balance the federal budget by 1984, one of the key goals of its whole economic programme.

White House officials, who once said that the budget deficit lay at the root of many of the U.S.'s financial woes, have begun to fudge their position. They claim that other things, such as keeping the economy on a steady growth track, are just as important, if not more so.

Normally, a shift like this would be greeted on Wall Street with a cynical sneer that politicians always break their promises when the going gets tough. But while the financial community is uneasy, it seems to be far from dismayed. In fact, the markets have been surprisingly strong in the last few days, even though the Treasury is borrowing an unprecedented $9bn (£4.8bn) this week.

Many people seem to agree that Wall Street has overdone its obsession with the deficit and that a more "relaxed" approach may be called for.

Some White House spokesmen are taking time to adjust to the change and still affirm that the Administration's colours are nailed to the mast of "a balanced budget" in three years. But the economic policy-makers who count have shifted their ground.

Mr Donald Regan, the Treasury Secretary, says that matching spending to revenue by 1984 is possible but no longer probable. Mr David Stockman, the Budget Director, who has set about straightening Government finances with an almost religious fervour, says that no fetish should be made of balancing the budget by the end of the current presidential term.

The two differ on how far it may be necessary, for the time being, to retreat from the 1984 balanced budget goal. The Treasury Secretary is clearly worried about the possibility of a weakened economy suffering a double deflationary squeeze—from tax increases and more spending cuts. He wants no tax increases—such as excise duty rises, as suggested by some on Capitol Hill—during the present recession which he expects to last another six months. Mr Stockman has been more reluctant to drop the idea of some immediate indirect tax increases to help his budget out.

Both men are still urging Capitol Hill to cut spending further. They and the Administration as a whole may be beating their heads against a congressional brick wall in this respect.

But even the extra $13bn President Reagan wants pruned from the 1981-82 budget may not be overly deflationary for the economy, because offsetting fiscal stimuli are on the way. On January 1, the top tax rate on unearned investment income is due to come down from 70 to 50 per cent, and on July 1 1982 there is to be a further 10 per cent in basic income tax rates. rates. Given the recession, Mr Reagan has described this tax relief as "well-timed" to help recovery.

Mr Stockman: straightening finances with religious fervour

Certainly, the business community and Wall Street would prefer to have any re-priming of the economic pump come from tax reduction, rather than maintenance of public spending.

The more relaxed approach to the deficit stems from a sensible realisation that much or all of its growth this year will be due to recession—fewer profits and smaller incomes to tax and more unemployment payments.

Indeed, some economists believe that a deficit rising from $58bn in 1980-81 to perhaps $75bn-$90bn in 1981-82 may yet be too restrictive. Mr William Nordhaus, a Yale professor who served on President Carter's council of economic advisers, has resurrected a useful, though unfashionable, concept of the "high employment budget."

By this concept, budget outlays and revenues are adjusted for a level of 6 per cent unemployment (it is actually 7.5 per cent now). Mr Nordhaus concludes that the "high employment deficit" (corrected from the effect of recession) is actually falling by $15bn-$20bn from 1980-81 to 1981-82. Thus, the Administration is "actually tightening the budgetary noose around an economy that is fighting for its breath," Mr Nordhaus complains.

Counter-cyclical economic policy may smack of dreaded Keynesianism. But that is precisely what Mr Reagan was proposing to the Federal Reserve Board when he urged it last month to loosen its rein on M-1 money growth, lest the Central Bank prolong recession.

Nobody on Wall Street is demanding that the White House abandon its quest for a balanced budget, or that the Fed do a U-turn on monetary policy. But there is a tendency to try to be more "realistic"—to shake off the obsession with specific numbers about the deficit forecasts ($40bn or $60bn, what does it matter so long as the trend is down?). There is also a feeling that the Fed could make more use of its leeway to ease its policy of deliberately undershooting the money supply growth targets, its "play safe" tactic.

This school of thought was recently summed up by Morgan Guaranty, the large New York bank, which suggested that priorities were changing because of the recession.

In its monthly World Financial Markets, the bank said: "While it is imperative for the Administration and Congress to maintain the long-term objective of reducing the federal budget deficit, it may now be desirable to take a more relaxed attitude about the deficit in the current fiscal year in view of the prospects for a weak economy. Additional measures to curb the budget deficit would be better concentrated in future fiscal years."

Morgan also said the Fed should correct the money supply undershoot, all of which closely parallels the Administration's position, including Mr Reagan's recent warning to the Fed to be alert to what is happening in the economy.

Mr Rimmer de Vries, Morgan's international economist, says he doubts that the U.S. Treasury and the Fed have any basic disagreements; about monetary policy. "All Mr Regan was trying to say to the Fed was that by undershooting or overshooting the money targets, they exacerbate swings in the economy."

Wall Street's moods are notoriously fickle, and all this may turn out to be just a brief lull in the fears that have obsessed it all year. Any suggestion that the Administration or the Fed yield to political pressures has in the past been treated as a recipe for disaster on the inflation front. But more people now seem to have concluded that since the deficit is here to stay, at least for the time being, learning to live with it may be better than gnawing one's knuckles to the bone worrying about it.

If so, life could become tougher and lonelier for the Fed as it tries to hold the line against inflation. Even though last week's one point cut in the Fed's discount rate to 13 per cent was read as a concession by the Central Bank to the economy's weakness, officials there remain adamant that the basic thrust of monetary policy remains unchanged.

ECGD may extend cover to loans denominated in yen

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE EXPORT Credits Guarantee Department (ECGD) is considering an extension of its foreign currency cover to loans denominated in Japanese yen, Mr Peter Rees, the Minister for Trade, said yesterday.

The Export-Import Bank of the U.S. (Eximbank) also is studying the possibility of making yen loans, Mr William Draper, the president, told a congressional sub-committee on Monday.

The two moves are a response to the special conditions agreed for Japan by 22 industrialised nations meeting in Paris last months to settle new guidelines for export credits of longer than two years' duration to developing countries, mainly for capital goods.

Because Japan's domestic interest rates are lower than those prevailing in the West, official Japanese export credits will have a minimum interest rate of 9.25 per cent. Other nations are to apply minimum rates of 10-11.25 per cent, unless they use yen, when 9.25 per cent will apply.

But the nature of the Japanese capital market is likely to make it easier for Eximbank to raise yen funds than for British commercial banks.

Mr Rees disclosed the ECGD move in a letter to the Confederation of British Industry. The letter was a reply to CBI expressions of concern about the special position of Japan in the international export credits agreement.

At present ECGD foreign currency cover is confined to the U.S. dollar and the D-Mark. The attraction of extending it to the yen would be the facility to offer loans at an apparently lower rate.

But the margin between the yen rate for export credits and the rate adopted in Paris for other currencies is likely to narrow. The Japanese long-term prime rate is 8.5 per cent but is soon expected to rise to 8.9 per cent.

Commercial banks tapping the Japanese capital market at such a rate would lend on at a higher rate. Mr Rees said that the Government has received assurances that no obstacles will be placed in the way of British private borrowing on the market.

But in the past it has proved difficult to raise funds, and yen-denominated export credits for foreign companies have been a mere handful.

By contrast, foreign official borrowing in yen has been considerable and at favourable rates.

Romania to buy £40m worth of Indian iron ore

BY K. K. SHARMA IN NEW DELHI

ROMANIA has signed an agreement with India's Minerals and Metals Trading Corporation for the import of 5m tonnes of iron ore worth Rs 700m (£40m) this year. Similar agreements are expected to follow.

This makes Romania the second largest iron ore importer from India. The largest is Japan, which imports about 8m tonnes a year. The agreement will rescue the Indian iron ore industry which faced a bleak outlook because of the slump in world steel.

With the new agreement, India hopes to maintain iron ore exports at last year's level of 16m tonnes. This could be improved if talks on exports of 2m tonnes to the Soviet Union succeed.

Earnings from iron ore exports are also expected to improve this year because of a 15 per cent to 20 per cent price rise obtained by the corporation from various buyers.

Reuter adds from Brussels: A high-level Romanian delegation visited the European Commission yesterday for talks aimed at boosting trade with the EEC.

British bank in credit line to oilfield companies

BY OUR WORLD TRADE STAFF

WILLIAMS AND GLYN'S Bank is providing a £75m line of credit, covered by the Export Credits Guarantee Department, to six oil companies developing the Stratfjord field in the Norwegian sector of the North Sea.

The credit will be used to finance the purchase from UK companies of equipment and services needed in the construction of the Stratfjord C production platform.

The oil companies involved are Mobil Exploration and Production Norway, Norske Shell, Conoco Norway, Saga Petroleum, Amoco Norway Oil and Amerada Petroleum of Norway.

- Leyland Bus is strengthening its position in Singapore with a contract to provide 100 double-decker buses worth £2.5m. There are 220 Leyland buses already in use in Singapore.
- Halifax Tool has won orders valued at £2.2m for the supply of water well drills for the Ethiopian Water Resources Authority, a new customer, and for drought relief work in India.
- Kearns-Richards, a Manchester unit of the Staveley group, has won an order worth £4.5m from CMI of Oklahoma for heavy duty machining centres. CMI makes specialised machines for the oil, construction and mining industries.

UK 'will be top market for Hyundai'

By Kenneth Gooding, Motor Industry Correspondent

BRITAIN next year will become the major export market for cars made by Hyundai of Korea, said Hyundai's president Mr Chung Se-Yung who was in London recently to present his group's model, the Pony, at Motorfair.

Hyundai expects to sell about 5,000 Ponies in Britain in 1982 and believes this could rise to 10,000 to 12,000 a year with its existing range by 1985.

At present Hyundai's best export market is Taiwan which took 3,500 Ponies last year. In Europe, sales in Belgium and Holland have been between 2,000 and 3,000 a year. Shipments to Italy started this year and sales should reach about the same level.

Rejecting suggestions that car trade between Britain and Korea would be one-way traffic, Mr Chung pointed out that for the past 14 years Hyundai had been importing Ford Cortina kits at the rate of around 7,000 a year. (It also imports kits for about 700 Granadas from Ford in Germany).

When the Cortina is replaced in 1982 Hyundai will take kits of the new European Ford from the UK instead of using Ford's supplier in Japan, Toyo Kogyo.

Mr Chung said the Hyundai plant, which produced 100,000 Ponies in 1979, had been affected by the recession in Korea, and in 1981 would produce only 60,000. About 25,000 would be exported.

But demand in the home market was expected to pick up, and by 1985 Hyundai would bring on stream a new plant capable of producing 300,000 cars a year. Korean demand should be around 100,000 a year by that time.

The Hyundai Pony will be imported to the UK by the West Bromwich-based International Motors.

The Pony would be sold on a "value for money" platform at between £3,100 to £4,100

UK steps up Nigeria drive

By Our World Trade Staff

THE BRITISH drive into the markets of oil producers in the Middle East and Africa has continued with trade missions and the signing of contracts.

Mr Peter Rees, the Trade Minister, is in Nigeria with a mission of senior executives from industry, seeking to counteract Nigerian criticism that UK business is not aggressive enough.

This is the fifth UK ministerial visit to Nigeria in the last 12 months.

The companies represented on the mission include British Caledonian, jointly operating the London-Lagos air routes with Nigeria Airways; Hawker Siddeley; Carnation Foods; Humphreys and Glasgow; Lloyds Bank International and NEI International

Andrew Fisher, recently in Hong Kong, reports on difficulties facing a leading industry

Shipowners enter rough waters


Sir Y. K. Pas: falling trade volumes may persist

LEADING Hong Kong shipowners foresee difficult times ahead, though they disagree over how severe these will be or how long they will last.

With large amounts of tonnage on order, they are tending to hold back on ordering while waiting to see how depressed freight markets will develop.

According to Sir Yue-Kong Pao, the Hong Kong owner, controlling the largest fleet—over 200 ships totalling some 20m deadweight tons, including those on order—monetary chaos, falling trade volumes, and high inflation are likely to persist for some time.

Looking beyond the short term, he reckoned that issues such as safety and pollution would also attract more public attention.

"This combination of factors will probably dominate the shipping scene in the 1980s—the decade may be filled with uncertainties and shipowners may do well to exercise extra caution in their operations."

Companies within Sir Y.-K. Pao's World-Wide group have over $850m-worth of ships on order. Most of the 46 vessels are being built in Japan, but some of the 2.3m dwt is with British, Chinese and Polish yards.

Last year Hong Kong owners ordered 5.7m dwt of ships, not far short of the Japanese total of 6.5m dwt. Altogether, the Hong Kong-owned fleet totals an estimated 50m dwt, with at least half on charter to Japan.

One owner who has stopped ordering while the current backlog works its way to completion is Mr Frank Chao, president of Wah Kwong. "The shipping market is very bad; there is a recession now."

But Mr Chao, whose ebullience contrasts with the reserved calm of Sir Y.-K. Pao, said this was only a mini-recession. It could last until 1983, when prospects for coal shipping should lead to an upturn.

Wah Kwong's present fleet—much of it owned with local partners or foreign charterers—comprises 44 ships of some 4m dwt. A further 24 ships of around 1.5m dwt are on order, mostly in Japan, with a value of some $460m.

After this current burst, said Mr Chao, "I have stopped ordering." He said the pause would last about six months, though others thought it would be more like two years.

Not surprisingly, Hong Kong owners strongly insist that their particular operations are less likely to suffer from chill trade winds than those of other countries. Said Mr Chao: "I think Hong Kong owners will go into difficulties long after other owners."

Wah Kwong's new orders range from a huge 260,000 dwt ore carrier through a couple of medium-sized tankers, a chemical carrier and a small liner ship to a number of bulk carriers.

World-wide, traditionally strong in the tanker field, also has a fairly wide spread of orders and is scrapping several big tankers a year in line with the calamitous conditions in that sector.

Along with many other shipowners, those in Hong Kong are concerned about moves in Unctad (United Conference on Trade and Development) to phase out flags of convenience.

"This is the most crucial issue facing Hong Kong shipowners," said Mr Chao, most of whose fleet sails under the Liberian flag. If persuasion and argument did not work, he felt, then the traditional maritime nations should boycott Unctad.

Taking a less extreme view, Sir Y. K. Pao hoped that developing countries would gradually come to understand that phasing out such flags would not necessarily aid their own fleet aspirations.

Pakistan's exports to Iran soar

BY DAVID DODWELL IN ISLAMADAD

PAKISTAN'S exports to Iran have soared in the past two years, and the trend is likely to continue, according to officials from the two countries who have just finished three days of talks on trade and economic co-operation in the Pakistan capital.

Since the Islamic revolution in Iran, purchases from Pakistan have quadrupled, from $45m in the year to June, 1979, to $230m (£121m) in the fiscal year which ended five months ago. Iran is Pakistan's second most important export market, with only China buying more — about $357m.

By contrast, Iran sells little to Pakistan — $2.5m last year, and $9.5m the year before. Most of Pakistan's oil imports, which might have been bought from Iran in the past, have instead mainly been purchased from Saudi Arabia.

The leap in Iran's purchases from Pakistan is in part explained by the U.S. trade embargo, which forced the Iranian Government to search for new sources for many essential imports. About 40 per cent of Pakistan's exports are accounted for by rice, with cotton yarn and textiles making up a large portion.

Far from wanting to correct the extreme imbalance in trade, Iranian officials seemed in last week's talks to be keen to boost purchases from Pakistan.

They want to buy more rice and raw materials, want more Iranians to be trained in Pakistan, and want Pakistani help in refurbishing their railway system.

Mr Hossein Lavasani, leader of the Iranian delegation and director general for political affairs in Iran, said Iran wanted to boost its trade with neighbours, Moslem countries and with Third World countries. Pakistan qualifies on every count.

One unexpected outcome of the talks is that Pakistan's long-dormant plan for close economic links to be forged between Turkey, Iran and Pakistan has been revived by Iran. The move is timely in view of the impending state visit to Pakistan by Turkey's leader Kenan Evren.

Hong Kong may contest French import curbs

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG is preparing to take France to the General Agreement on Tariffs and Trade (Gatt) because of unilateral import quotas which Paris last week imposed on Hong Kong quartz watches.

In the meantime, officials of the British colony are considering retaliatory action against French Cognac sales, which amount to HK$345m (£30m) a year.

In a move which has angered Hong Kong, France told importers to restrict Hong Kong's quartz watches to 5.5m pieces in the 15 months between October 1 and the end of next year. Sales of quartz watches from the colony, which is the world's biggest watch producer by volume, to France this year were expected to reach 8m units.

Until this week Hong Kong had not been notified officially of the move, but has seen press reports and a copy of the official French notice to importers.

Hong Kong officials say that the move by the French is illegal under the Gatt.

The anger was increased because France already has a list of eight items against which quotas are imposed on goods from Hong Kong. These include bean sprouts, radios, some toys, pleasure craft and clothing not covered by the Multifibre Arrangement, the international textile trade agreement.

Increased secrecy over gold dealings

By David Marsh

THE GOVERNMENT is taking steps to increase the already *considerable secrecy* over dealings on the London gold market. It is stopping publication of figures detailing exports of bullion from the UK.

The move is believed to have followed complaints from Middle East governments about the amount of publicity given to their withdrawals of *gold from London over the* past year.

The main countries which *have been identified as transporting* large quantities of gold from London during last and this year are Iran and Libya.

Many of the oil exporting nations and other developing countries which have emerged as big gold buyers over the past two years have been *increasing efforts to conceal* their transactions. They have been asking bullion dealers in *the main gold trading centres* to be more careful about mentioning their names. This partly reflects their countries' embarrassment about the financial consequences of buying an asset whose price has halved since January 1980.

The decision, taken by the Customs and Excise with the blessing of the Bank of England, seals off the last *remaining channel of official information* about gold movements to and from the London gold market.

Cleveland jobs loss

FOSTER WHEELER Power Products is to make 297 employees redundant at its Hartlepool, Cleveland, factory. This is because of a "lack of future orders," the company said yesterday. The *company, which specialises in* fabricating large boilers and generators for oil and chemical work, *said it was issuing* notices for 90 days of consultation with unions before the redundancies would take effect.

End of production

CAPE INSULATION is to cease production of thermal insulation *material* at its South Bank, Middlesbrough, factory at the end of this month. The 94 employees have been told they will be made redundant because of a severe drop in demand. The company said capacity in insulation factories throughout the country was twice the level of demand.

Llanelli jobs to go

BOWDEN CONTROLS is to make 82 workers redundant, nearly half the workforce, at its Llanelli plant, west Wales. The company, which manufactures control cables for the motor industry, blames the loss of orders from Ford for the cut.

Shell/Esso set to tap deep sea

BY RAY DAFTER, ENERGY EDITOR

SHELL and Esso are to use a revolutionary underwater production system *costing £360m* to extract oil from a North Sea field.

The production unit—a 2,200 tonne Underwater Manifold Centre (UMC) — will be installed next summer in 490 ft of water in Shell/Esso's Cormorant field.

It will be the first *commercial UMC operated in any* offshore oil production area; a challenge likened by Shell to a space shot.

The manifold centre will produce nearly a fifth of the recoverable reserves in the Cormorant field, discovered 90 miles north-east of the Shetland. During its 25-year life the UMC *is expected to recover some* 110m barrels at a peak rate of up to 50,000 barels a day.

Shell and Esso, which designed the system, said that the underwater unit would tap oil out of the reach of wells *drilled from the Cormorant* field's two platforms. By the time the UMC is on stream in *mid-1983 Shell and Esso will* have invested £360m on development costs and wells.

Mr Jan Memelink, technical director of Shell UK Exploration and Production — the operating company for Cormorant—said that the production technique was a landmark in oil development.

The only comparable challenge is space exploration. The deep sea, just as much as deep space, is an environment where man is alien and where his technology will be stretched to the maximum."

"The research project for the UMC began in October 1974. Pilot submerged production *systems have been tried by* Exxon (Esso's parent) in the Gulf of Mexico and by Shell off Brunei. Conceptual design of the UMC was carried out by Vickers Offshore, a subsidiary of British Shipbuilders. Hollandse Constructie Groep of the Netherlands carried out the detailed design and construction *work*.

The manifold centre, which will be controlled electronically from one of the Cormorant platforms, four miles to the south, will be operated without human intervention.

Shell said similar underwater systems would have to be installed in the North Sea if *some of the smaller oil* discoveries were to be exploited. "Many fields in this category, plus oil reserves adjacent to existing fields, must be developed in the 1990s if Britain is to remain self-sufficient well into the 21st century."

'Chemical companies hit by restricted gas supplies'

BY OUR ENERGY EDITOR

RESTRICTED supplies of natural gas are hindering the *recovery of some chemical* companies, the Chemical Industries Association claimed yesterday.

Mr Martin Trowbridge, director-general, told members in a letter that in recent months a number of chemical companies had been refused additional or new supplies of gas, "even in cases where greatly improved energy efficiency would have been achieved."

He added: "We have a thoroughly unsatisfactory situation where additional or new industrial gas supplies are not available to companies despite a 10 per cent fall in industrial gas sales *due to the recession*."

British Gas said last night that it had met practically all *of the demand for new or additional* supplies in circumstances where requirements of processors could *not* be met by other fuels.

The association's complaints were made on the eve of the Queen's Speech, in which the Government plans to break the Gas Corporation's monopoly on natural gas purchase and supply.

Mr Trowbridge said that members had been told that new supplies would not be available until 1984-85 and even then at a price of up to 46p a therm—some 17p more than the present going rate.

● Simple cost effective measures *applied to domestic* hot water systems could provide national energy savings worth £240m a year at *1980* prices, according to a report published by the Energy *Department. The measures* include the lagging of hot water storage taps; installation *of time-switches to immersion* heaters; and the addition of a thermostatic control system to *boiler-based central heating* systems.

Search for onshore oil boosted by 13 licences

BY OUR ENERGY EDITOR

THE SEARCH for onshore oil and gas in England and Scotland has been boosted by the award of 13 petroleum-exploration licences.

The widespread concessions give licensees the right to conduct prospecting and geological surveys only. The licensees cannot drill below 350 metres, for example.

If these surveys indicate their licence-areas hold the promise of oil or gas reserves, however, the companies can apply for *production licences*.

Companies awarded licences yesterday were:

● Pentex Oil, Anvil Exploration and Moray Petroleum Holdings and Development—461 sq km in *the Scottish Highlands*.

● Tricentrol North Sea—two licences, one of 260 sq km, the *other 497 sq km (Central, Tay*side and Fife, Lothian and Stratclyde regions of Scotland).

● Moray Petroleum, Carless Exploration, Marinex Petroleum and Pict Petroleum — two licences: Strathclyde (337 sq km), and Durham and Cleveland (421 sq km).

● Taylor Woodrow Energy, RTZ Oil and Gas, Haoma North West Oil and Gas, James Finlay and Company, Candecca Resources—22 sq km in North Yorkshire and Humberside.

● Weeks Petroleum, Lennox Oil Company and Whitehall Petroleum—486 sq km in North Yorkshire and Humberside.

● Moray Petroleum Holdings and Development, Carless Exploration, Marinex Petroleum and Pict Petroleum—two *licences, one of 206 sq km, the* other 388 sq km (Humberside and Lincolnshire).

● *Deepwood Mining Company*—500 sq km in Cheshire, Derbyshire and Staffordshire.

● *Clyde Petroleum—three* licences, of 340 sq km, 450 sq km, and 390 sq km respectively (Staffordshire, Derbyshire and Leicestershire).

Courtaulds accused over heart disease

By Our Labour Staff

ALLEGATIONS THAT high levels of exposure to carbon disulphide fumes have *left* workers at a Courtaulds plant vulnerable to heart disease *were made yesterday in a re*port published by the Association of Scientific, Technical and Managerial Staffs.

The report was launched at a London press conference by Mr Clive Jenkins, ASTMS general secretary. He said that in the past three years at least three ASTMS members and 14 members *of the Trans*port and General Workers' Union at the company's factory in Greenfields, North Wales, had died of coronary heart disease, some of whom may have been exposed to excessive levels of carbon disulphide. The union would proceed with court action in respect of two of its members, he said.

The 34-page report concentrates on *Courtauld's rayon*-manufacturing plant at Greenfields. Its principal *allegations are that:*

● A study published in 1968 drawing attention to an excess in heart *disease among* workers exposed *to* carbon disulphide and recommending the medical monitoring of employees had not been acted upon by the company.

● Between 1976-80 workers were repeatedly and persistently exposed to levels of carbon disulphide above the Threshold Limit Value (TLV) recommended by the Health and Safety Executive.

● The company acted to reduce TLV levels only when union pressure was applied.

The report is also critical of the Health and Safety Executive. It claims the executive failed to press for reduction of exposure levels and failed to inform workers of health risks.

Following the report's presentation Mr Jenkins called for the maximum *exposure* levels to be reduced and for medical monitoring of *employees. He said "It is a* matter of deep concern to us that a major company did not inform us of the situation. It had not acted illegally but had acted badly.

Mr Jenkins said the company had reduced maximum exposure levels of carbon disulphide. He was, however, not satisfied sufficient action had been taken to reduce risks.

Courtaulds concluded from a recent study of its Grimsby rayon factory that there was no link between carbon disulphide and excess heart disease. Yesterday the company declined to comment on the ASTMS report. It said: "We are studying the report in detail and will decide what action we take or do not take when we have completed that study."

The Health and Safety Executive said yesterday it had been aware of the possibility of a relationship between chronic exposure to *carbon disulphide* and increased mortality from heart disease.

It said: "We have been pressing all companies to reduce levels of CS2 in the air where they have been found to be in excess of the Threshhold Limit Value. At Courtauld's *Greenfields plant* a programme of improvement designed to reduce exposure *to CS2, agreed with both* management and the unions, is being implemented."

*About 53,000 tonnes of car*bon disulphide are used in Britain annually, mainly in *making Cellophane, rayon or* chemicals for the rubber industry.

Support for CCA

MR JOHN WAKEHAM, Parliamentary Under-Secretary of State at the Department of Industry, has underlined the Government's support for current cost accounting (CCA). The accountancy profession is divided on the value of CCA in its present form and this summer a group *of dissident accountants* mounted a campaign to scrap CCA. Mr Wakeham, speaking at the Institute of Cost and Management Accountants, ruled out any immediate change in the basis of corporation tax until the system of CCA had been in use several years.

Mortgage change

THE Burnley Building Society is to follow the recent decisions of the Woolwich and the Halifax societies to charge borrowers a standard home loans rate of 15 per cent, irrespective of the size *of the mortgage. Other* societies have amended their higher interest rate bands. The change follows increasing competition for mortgage business from the banks.

Water charge plan

THE Thames Water Authority said yesterday it intends to keep its water charges below the rate of inflation over the next couple of years in spite of a warning from the National Water Council that water charges will increase in real terms for the next decade.

Bilateral meeting on North Atlantic fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE CHAOTIC situation in North Atlantic air fares, with cut-price competition rife between British and U.S. scheduled airlines, is to be discussed at a special meeting of *officials from both countries in* Washington next week.

The aim of the meeting, on November 11 to 13, will be to try to bring about some order and stability by combining the benefits of competition to the passenger with the need for fares that reflect airlines' costs.

In recent months fares have been cut constantly on the North Atlantic route with mounting airline losses.

The International Air Transport Association, at its annual meeting in Cannes last week, estimated that the cumulative losses by the 46 scheduled airlines on the route this year *would amount to about $650m* (£347m).

The situation is at its worst *on the UK-U.S. route, where* from November 1 Pan American, British Airways and Trans World Airlines cut their fares by up to 66 per cent for the winter period, to compete for traffic with Laker Airways.

At this stage, no-one knows whether this move is likely to be successful in bringing in more traffic, or result in even further losses for the airlines.

There is also a substantial volume of excess capacity—too many seats chasing too few passengers. The IATA has estimated that the unoccupied seats, amounting to over 5m a year, are equivalent to 58 Jumbo jets flying empty every day between Europe and North America.

The IATA, which represents most of the 46 scheduled airlines flying the North Atlantic, has called for a special fares meeting of all members on December 2 to discuss the situation. However, the UK and U.S. governments felt they could not wait and arranged a *meeting*.

U.S. hostility towards the IATA is such that there is some doubt whether an IATA fares agreement reached at the December 2 meeting could be made effective. Bilateral negotiations between different countries, however, are more likely to yield results.

It seems likely that at the UK-U.S. meeting there will be pressure from the U.S. for renegotiation of the Anglo-American Bermuda Two air agreement, which many U.S. airlines believe favours the British operators. Pressure for such renegotiation has been *building up for some time*.

The British Government, however, through the Department of Trade, is understood to feel that the agreement is fair, and that the fierceness of the competition now stems more from the American side than from the British, although it is acknowledged that Laker Airways has been in the forefront of the cheap air fares battle for a long time.

It is not clear whether the U.S. will agree to any kind of capacity control — restricting the number of seats offered by all the airlines. Such controls are frowned on by the U.S. Justice Department, and could be in violation of the U.S. anti-trust laws.

But *increasingly*, as was pointed out repeatedly at the IATA meeting in Cannes, *restriction on the number of* seats may be the only way to get the situation under control.

Whisky distilling slump is expected to continue

BY GARETH GRIFFITHS

THE SCOTCH Whisky Association expects the slump in distilling to continue next year with many distillers closing down for extended summer holiays and a continued slimming of the workforce at bottling plants.

This year many distilleries shut down for two months or more in the summer to cut production. Demand for new whisky (fillings) has slumped because of the general state of the market. Last year the industry cut its workforce by 9 per cent or 2,300 jobs.

SWA member-companies expect *a* similar situation next year, although industry executives do not see the situation as a desperate one for the industry. They argue that the real concern should be the fall in orders at the bottling plants which directly reflect current demand. Whisky distilling is based on assessments of the market in five years or more.

The industry believes it can achieve its cuts with shorter-time working, natural wastage, and no recruitment rather than large-scale redundancies.

*The industry's cash flow posi*tion is *likely* shortly to receive a substantial although temporary boost with the payment of 60m ECUs (£35m) by the European Commission under the EEC's cereals production refund *scheme*. After several years of disagreement a calculation has been worked out for *malt whisky and a similar plan* will shortly be announced for grain whisky.

The money is *compensation* for whisky makers having to buy dearer EEC grain which is used in products *exported out*side the Community.

Loss of skilled jobs threat to recovery in Sheffield

BY NICK GARNETT, NORTHERN CORRESPONDENT

A SURVEY of unemployment in Sheffield, whose steel and engineering industries have been seriously hit in the recession, says the city's mix of job skills has been so severely damaged that it might not be able to take advantage of employment opportunities when the economy improves.

The report, drawn up by the city council in co-operation with Sheffield trades council, says the 8,900 job losses reported by industry in the city in the first eight months of this year is more than three times the number recorded in the whole of 1979.

The figure is also higher than the 7,900 logged in the 12 months of 1980.

The report says the figures may be only 70 per cent of the actual total as many redundancies involving less than ten people are not notified.

Job vacancies for manual workers have shrunk dramatically, a large proportion in metals and electrical sectors. Between December 1979 and June 1981, *the proportion of jobs available* for manual workers in Sheffield and Rotherham dropped from *69 per cent of the job market* to 49 per cent.

The traditional skills shortage *in Sheffield no longer* exists, the report says. Almost a third of all vacancies in 1975 were for the skilled trades but this has now dropped to a fifth.

Sheffield's unemployment rate at almost 13 per cent of the working population is not as severe as some northern areas but the city council says that some areas of the city may be suffering as high as 30 per cent unemployment

Co-op Bank launches loan scheme for closure areas

BY TIM DICKSON

SMALL businesses and workers co-operatives in parts of the UK have a new source of low cost loans from today.

The Co-Operative Bank announced yesterday that it is teaming up with the European *Coal and Steel Community* (ECSC) to provide £1m additional finance for projects which *create jobs in a coal or steel* closure area. Similar schemes are operated by Industrial and Commercial Finance Corporation (ICFC), Barclays Bank and the Welsh Development Agency in conjunction with ECSC.

The funds which come in a mixture of currencies, will be handed out in parcels of £5,000 to £50,000 by the Co-Op.

Interest payable on the loans is a fixed 13 per cent over the 8-year term, but because of an interest rebate of up to 3 per cent from ECSC, the cost could be as low as 10 per cent for the first five years. All loans from the ECSC carry a four-year *delay for capital* repayments.

"If small businesses and co-*operatives are to be enabled to* play their part in the regeneration of the economy they need *generous borrowing terms and* streamlined procedures", Mr Lewis Lee, chief general manager of the Co-Operative Bank, said yesterday.

Until recently complicated administrative procedures have effectively discouraged small businesses in the UK from applying for ECSC loans. The Co-Op Bank says it was inspired to participate in the scheme by a successful experiment in France in 1979 and has been pressing for the scheme to be extended in the UK ever since.

Cautious steps taken towards Anglo-Irish Council

Margaret van Hattem looks at Government initiatives on Ulster

THE British and Irish Governments are carefully manoeuvring to round up the necessary political support for an Anglo Irish Council. Their major difference, at this stage, appears to be in judging how fast the process can be pushed along without the risk of failure.

In spite of the signals of caution coming out of London and Dublin in advance of this *week's summit*, both sides seem agreed that their co-operation within the five joint Civil Ser*vice study groups over the past* year has been a step in the right direction; that it should be con*solidated in some form of coun*cil; and that Ulster politicians should be involved in the process, ultimately *along* with British and Irish politicians.

The Irish, however, appear keen to press ahead more quickly than the British. Indeed, the evident anxiety of Dr Garret FitzGerald, the Irish Prime Minister, to get things going as quickly as possible could put him at a disadvantage when he meets Mrs Thatcher in London on Friday.

His assessment of the social and constitutional reforms needed in the Republic to overcome the deep seated revulsion of Ulster Protestants and some Ulster Roman Catholics, appears to be some way ahead of public opinion in the south. Moreover, he is operating on a precarious parliamentary majority.

The establishement of an Anglo Irish Council could help consolidate support for his ambitious reform plans in the south and possibly allay suspicions in the north.

But the Irish Government will not regard failure to set up the council this week as a major setback, provided the impetus is maintained.

The hope, therefore, is that this week's summit may lead to the establishment of an Anglo Irish Council, formalising the ministerial and Civil Service contacts of the past year but as yet without drawing in a wider body of MPs.

The setting up of the council would involve tacit recognition by Dublin of Britain's sovereignty over the six counties to which the Irish constitution still lays claim.

It would also involve tacit recognition by London of the need for Dublin's participation *in any moves towards political* settlement in the province and it implies that any Irish constitutional *and* social reforms made now will reap rewards later.

The British Government, however, is moving far more cautiously. This is partly because Mr James Prior, the new Northern Ireland Secretary, is still finding his feet and is determined not to be rushed into precipitate action.

There is also growing impatience in Westminster with the present generation of elected Unionist politicians.

It is argued in London that any attempt to set up an overtly political Anglo Irish Council at this stage, with the type of parliamentary representation outlined *recently* by Mr Charles Haughey, the former Irish Prime Minister, would almost *certainly* be doomed to failure.

It could not work without Unionist representation and the Government evidently believes that they would not participate.

At the same time the Government, and particularly Mr Prior, are understood to be anxious to preserve the momentum of the past 10 months of co-operation with the South, and to attempt another initiative in Ulster over the next year.

Mr Prior has laid stress on the need for economic regeneration and creation of employment —which might begin with the creation of a new economic forum akin to the NEDC—and on the need for transfer of political power on the other—which might involve greater independence *for local* government authorities in Ulster.

Mr Prior may try to establish common ground among moderate Roman Catholics and Protestants in Ulster in the hope that a new, less intransigent generation may be drawn more actively into politics. Given that this may take many years he may not be setting his sights higher than the establishment of a durable framework.

Liberals and SDP set up two joint commissions

BY OUR POLITICAL STAFF

THE LIBERAL and Social Democratic parties hope to present detailed joint policies on employment, industrial recovery and on constitutional re*forms in time for adoption* at next year's party conferences.

Mr David Steel, the Liberal leader, announced the setting up of two joint commissions to examine what policies in these areas might form the basis of an *alliance manifesto* at the next general election. He hoped they would complete the bulk of their work by July.

Policy differences

However, while not ruling out the possibility of a joint manifesto, Mr Steel conceded that policy differences might yet prove insurmountable, leaving the two parties to fight on common aspects of separate manifestos.

The biggest differences could arise within the commission on constitutional reforms. It has the task *not only* of selecting the most desirable form of proportional representation, but also of re-opening the potentially explosive question of devolution of power to Scotland and Wales.

The economic commission also *faces severe headaches in trying* to resolve the already major differences between the two parties over an incomes policy.

Severe headaches

The 14-member joint commission on employment and industrial recovery will be headed by Sir Leslie Murphy, former chairman of the NEB, and includes Mr William Rodgers, Mrs Shirley Williams, Mr John Pardoe, and Mr Richard Wainwright.

The 15-member commission *on constitutional reform will be* headed by Sir Henry Fisher, president of Wolfson College, Oxford, and includes Mr Steel, Dr David Owen, Mr Roy Jenkins, Prof Ralf Dahrendorf, and Mr Richard Holme.

Both commissions are expected to start taking submissions and written evidence this month.

Rippon attacks economic policy

BY OUR POLITICAL STAFF

MR GEOFFREY RIPPON, the former Tory Cabinet Minister who has become one of the most outspoken critics of the Government's economic policies, yesterday renewed his attack on its "text-book money theories." These, he said, were relent*lessly eroding Britain's* industrial base, creating unacceptably high unemployment and driving the *Government* towards the brink of catastrophe.

In a forthright speech to the Oxford University Tory Reform Group, Mr Rippon directed his most bitter attacks towards the Treasury. "The Treasury mind is like an arid desert — not a single oasis softens its bleak horizon," he said.

In an earlier interview on BBC radio, Mr Rippon suggested that his criticisms were not aimed at the Prime Minister, and confirmed that he would not be standing against her in any contest for the party leadership.

He had contemplated such a move earlier, but he was now *satisfied* that she had responded to signals of discontent at last month's Conservative Party conference. *He was confident that* Cabinet would in future be more fully consulted.

In his speech, *however*, he warned the Prime Minister obliquely that adherence to Treasury advice would drive the Government towards disaster. Following the standard Tory dissidents' practice of quoting Disraeli, he said: "It may be vain now, in the midnight of their intoxication, to tell them *there will be an awakening of* bitterness. It may be idle now, in the springtime of their economic frenzy, to warn them there may be an ebb of trouble. But the dark and inevitable hour will arrive."

Mr Rippon said that in the wake of the party conference, there were signs that both the *rhetoric and practice of* Treasury monetarism would be replaced by a more balanced economic posture. Mr Leon Brittan, Chief Secretary to the Treasury, had publicly denied reports of a further round of deflationary spending cuts.

There was now no easy way out of Britain's difficulties. The argument was not that the policies of Sir Geoffrey Howe, the Chancellor, were harsh, but that *they had been wrong*.

"Capital spending, which creates wealth and employment *can, especially in present cir*cumstances, be justifiably financed by borrowing to a greater extent,' he said.

Mr Rippon called for increased public investment in infrastructure, in roads and other public works

"We cannot exaggerate the damage done to the fabric of our *society* by present levels of unemployment," he warned. "We cannot—we dare not—*ignore Lord Scarman's pre*liminary comments on last summer's riots in inner cities."

Mr Rippon urged the Government to press for stable international exchange rates and to start by joining the European *Monetary System*.

Workers taken back

SEVENTY employees of Bamfords, Utoxeter, Staffs, agricultural machinery manufacturers, who were among 100 who lost their jobs last week, have been re-engaged by the new owners of the company, Bamfords International. The former, which at one time employed 600 people, went into liquidation in June 1980.

Redundant workers plan to buy former BL plant

BY JOHN GRIFFITHS

ABOUT 400 of the 500 workers who lost their jobs when BL closed its Wellingborough, Northants, foundry in September want to help buy the plant and resume operations.

At a mass meeting on Monday they agreed to donate part of their redundancy money to buy the plant, in conjunction *with three companies* which have yet to be named.

The foundry's closure formed *part of BL's comprehensive* costs-cutting programme, and the men received on average *about £5,000 in redundancy* pay.

They hope to form a new *company with the support of* the three concerns. Mr Peter Fry, the Conservative MP for Wellingborough, worked behind the scenes to bring the companies and the foundry's former work force together.

"The old work force is behind us almost to the man," according to Mr Fry. "All we want now is a realistic selling price from BL."

BL said yesterday it had already held joint discussions with three companies about the possible purchase of the plant, although it would not name them. A BL spokesman said that no firm offer had been made "but we are very happy *to consider one*."

The prospects for the foundry, if it reopened, being *able to resume supplies to BL* on a contract basis do not, however, appear to be encouraging. *Its main role within the BL* business was to supply castings to the Longbridge car plant. *This work has since been trans*ferred partly to Longbridge itself and partly to the Beans foundry at Tipton.

Disarmament body seeks to find middle ground

BY BRIDGET BLOOM

A COUNCIL for Arms Control, which aims to campaign for disarmament with "a logical and *agreed order of priorities*," was launched in London yesterday.

The council, which is privately financed, *was introduced* by the Bishop of Woolwich, the Rt Rev Michael Marshall, as an attempt to find middle-ground between the "competing hysterias" of unilateral disarmament and an arms race.

The council aims to disseminate information on arms control, hold seminars and produce *proposals on means of* limiting both conventional and nuclear weapons.

"We believe in being positive and practical," Mr Michael Davis, the council's director, told a Press conference in Lon*don. The* council was not predisposed to any political party.

Among the 26 Board members *are former and present Mem*bers of Parliament of the major parties, including Mr Geoffrey [illegible]pon, Sir Geoffrey de Freitas, Mr Stephen Ross, the Liberal, as well as academics including Professor Neville Brown, of Birmingham University.

French botanical prints

SALEROOM

By ANTONY THORNCROFT

A FIRST EDITION of Les Roses, by Redouté and Thory, with 170 plates in two states—the first printed in colour, the second on coloured paper—sold *for £32,000* at Sotheby's yesterday to a Swiss dealer who will have to pay the extra 10 per *cent in buyer's premium*, which the auction house has not yet added into its announced prices. A *first edition of* Redouté's Les Liliacees realised £18,000.

Christie's, by contrast, now includes the buyer's premium and VAT in its quoted prices. An auction of Old Master, *modern* and British prints totalled £72,365, which was 78 per cent of the bid prices.

GLC rate to pay for fare cuts is legal

BY ROBIN PAULEY

THE Conservative-controlled London borough of Bromley failed yesterday in its High Court action to have the Greater London Council's supplementary rate quashed.

Bromley had argued that the extra rate of 6.1p in the pound levied to pay for the reduction in bus and tube fares was illegal.

But Lord Justice Dunn and Mr Justice Phillips agreed that the Labour-controlled GLC was entitled to pass on the cost of the fares policy to ratepayers. They dismissed Bromley's case and awarded the costs, estimated at about £10,000, in the GLC's favour.

Lord Justice Dunn said Parliament had left it to the GLC and not the courts to decide whether the travelling public or the London ratepayers should finance the cost of transport.

"It is for the GLC to hold the balance between the fare payers and the taxpayers," he said. Bromley's argument that no reasonable council would have come to the decision reached by the Labour group on the GLC could not be upheld. Labour had promised cheaper fares in its election manifesto.

Lord Justice Dunn said he could also not accept the argument that the GLC had to run London Transport on ordinary business lines.

The most striking feature of the fares policy was its high cost to ratepayers which was likely to increase dramatically if the policy continued for the next four years.

There was no doubt, he said, that these considerations were before the GLC when the decision was reached to implement the scheme, at an estimated cost of £123m in a full year.

It was no part of the court's *function to make a value judgment* as to how public transport should be run and financed. One argument was that it should be run as a social or welfare service, largely financed from taxation; the opposite view was that it should be run *as a business financed by fare* payers with some support from taxpayers.

The court was not concerned with the political or social issues but only with the power of the GLC to issue a supplementary rate demand and the *way it went about it.*

Bromley's argument that the financial consequences to the ratepayers had been ignored was rejected. The court accepted the GLC argument that it was not possible to run public transport on a profit system and that *it had a wide* discretionary power, which had not been unreasonably exercised, to make up any London Transport deficit.

Mr Justice Phillips said it was up to the GLC, and ultimately the electors, to decide on policy. *The GLC had acted* within its powers

Mr Simon Randall, a lawyer who is a Tory GLC member and former leader of Bromley, said an appeal would be considered. The GLC said the *court's decision confirmed that* the policy to cut *fares and* raise a supplementary rate was perfectly legal.

OFT urges reform of insurance legislation

By Eric Short

THERE was a strong case for reforming the law relating to the practice of insurance claimed Mr Gordon Borrie, director-general of Fair Trading.

He told members of the Insurance Society of Edinburgh last night that although the *insurance industry was regulated* by many detailed and specific laws, the consumer still had to rely in a large measure on self-regulation within the industry, under the Statements of Practice.

Mr Borrie referred to the insurance law change recommended last year by the English Law Commission, covering non-disclosure and breach of warranty. The insurance industry had contended that such reform was unnecessary so long as insurers observed these Statements of Practice.

But Mr Borrie said he strongly supported the Law Commission's case for reform and seriously doubted whether the provisions of disclosure and materiality in the industry's Statements of Practice were a satisfactory substitute for legislation.

He told the audience that there was scope for self-regulation to complement the law, because there were many matters of good insurance practice which were not suitable for legal regulation. But the balance at present between legal regulation and self-regulation was unsatisfactory for the consumer.

The Building Society Association had abandoned its previous recommendation requiring borrowers to insure their property through the agency of the building society, and the way was now clear for individual societies to allow borrowers freedom of choice in insuring their property.

The BSA had offered to investigate any complaints made against a particular society and the Office of Fair Trading was arranging with the Association to monitor complaints about individual societies. Mr Borrie warned societies that if any complaints were shown to be justified, he would consider using his legal powers against them.

Story behind the tender for Dungeness B

David Fishlock looks at the winning nuclear reactor

HOW BRITAIN came to choose the advanced gas-cooled reactor (AGR) for Dungeness B in 1965 remains to this day one of the nation's most tightly kept secrets.

But it was chosen in competition with six other tenders for AGRs; the boiling water reactor (BWR) of General Electric of the U.S. — the runner-up — and the pressurised water *reactor (PWR) of Westinghouse* Electric. These reactor designs were tendered through three different groupings of British companies, known as the nuclear consortiums.

In what purported to be a dispassionate appraisal of commercial tenders, a joint Central Electricity Generating Board-UK Atomic Energy Authority team made the choice in the spring of 1965. The team was working to a specification issued by the CEGB.

In spite of its handicap of high capital cost — because the AGR is inherently so much bigger than the water-cooled, water-moderated systems originally designed to fit inside submarines — one of the AGR designs was declared to be the best buy of seven tenders submitted.

What is clear is that the Government had made it plain to the appraisal team that it *would* accept any reactor provided it was British in design. The Government had, shortly before, cancelled a number of major UK defence projects and elected instead to buy American military aircraft.

The winning bid of the three designs of AGR entered was that of the smallest and weakest of the consortiums Atomic Power Constructions, even then struggling for survival after its biggest partner, GEC, had pulled out of nuclear power.

The Dungeness B appraisal had apparently shown that the design proposed by APC would produce electricity 10 per cent more cheaply than fossil-fuelled stations, with *an even greater* margin of advantage over the two U.S. reactor designs.

This success was achieved partly because APC used a new fuel arrangement devised by the UKAEA. The other consortiums had ignored the new fuel arrangement because they believed that it was unproven. Anyway they were more interested in selling a U.S. design. With this fuel arrangement it was possible to get 20 per cent more power from an AGR of given size, with corresponding savings in cost.

The losing consortiums grumbled that no-one told them they might use such an advanced design of fuel. But their complaints were ignored in the general euphoria of the triumph of British over U.S. technology and the coming of economic nuclear power.

Ironically, the fuel configuration, in spite of its novelty, has *proved a resounding success.* But in most other respects the AGR turned out to be far from the "proven" reactor on which the electricity industry was hoping to standardise—"replicate" was the watchword—in the mid-1960s.

The 20-fold leap in size from the 33 Mw prototype Windscale AGR to the 660 Mw commercial reactors proved too great an extrapolation for many key engineering features. Britain had omitted the "demonstration" stage of reactors of 100-300 Mw which featured in U.S. reactor development programmes.

In effect, this crucial demonstration step has been conducted simultaneously with the design and construction of the 10 AGRs ordered between 1965-71. These reactors are really large prototypes of three significantly different designs.

Four were commissioned in 1976 and after a long running-in period their performances are now comparable with the *best British coal-fired stations,* providing power that is appreciably cheaper.

The other six are more than 22 years behind schedule in producing power. Half of this hold-up can be attributed to Dungerness B.

Dungerness B stands on a man-made headland in Kent devoted to nuclear energy and birds.

By 1970 the problems of being lead station for a new generation of reactors had brought APC to the verge of bankruptcy. The CEGB took the only course open. It acquired the remnants of APC and gave a contract to another of the consortia, British Nuclear Design and Construction—a subsidiary of GEC—to manage the projects on a cost-plus basis.

In 1976 GEC asked to be relieved of its contract.

BAA Stansted purchases 'meant to relieve hardship'

MR IAIN SPROAT, Parliamentary Under Secretary for Trade, has said that purchases of property around Stansted Airport, Essex, by the British Airports Authority, are intended to relieve hardship on property owners, not to influence the outcome of the public inquiry into future development of the airport.

In a letter to Mr Alan Haselhurst, MP for Saffron Walden, Mr Sproat says that the BAA has asked for a blanket compulsory purchase order and outline planning permission for the 1,500 acres around the airport likely to be needed for any future expansion of Stansted.

In the meantime "statutory blight provisions" will apply, so that if the owners wish to move but cannot find a buyer on the open market, they can either sell to the BAA by agreement, or serve a blight notice on the Authority, requiring it to buy the land before confirmation of the compulsory purchase order.

"In every case, they would receive the unblighted value of of their property together with compensation for disturbance. These blight provisions apply in all cases where orders are made, and are intended solely to relieve hardship where property owners are obliged to move for personal reasons before a final decision is reached.

"They will not have any bearing on the outcome of the planning application or the decision on whether or not to confirm the order."

Mr Sproat confirms that all purchases by the BAA have been made to relieve hardship and not to influence the outcome of the inquiry.

● A group of businessmen, headed by Mr Mike Keegan, chairman of British Air Ferries group, is bidding to take over the council-owned airport at Southend.

The airport is understood to be heading for a loss of about £500,000 this financial year. The offer is believed to have been discussed at a recent meeting of Southend Council's policy committee, but no decision was reached.

● During September, passenger traffic at Manchester Airport was up 12 per cent on last year's figure and Mr Gil Thompson, the airport chief executive, says he believes the October figures will be equally impressive. "*The indications I am receiving* from the travel trade are that it promises to be a buoyant winter season."

The cumulative increase in passenger traffic this year to the end of September is 11 per cent up on last year, and the airport expects to handle just under 5m passengers in 1981.

Shelter plea on housing

FINANCIAL TIMES REPORTER

THE GOVERNMENT should launch a dual attack on the problem of bad housing and unemployment, says Shelter, the housing pressure group.

Mr Neil McIntosh, director of Shelter, is calling on ministers to examine figures which show that an increase in housebuilding activity could pay for itself by reducing unemployment in the construction industry.

Shelter claims that every £100m pumped into the housing budget would provide more than 3,000 badly needed homes but that the net cost would be reduced to as little as £18m because of the reduction in state benefit payments and the additional tax contributions.

Mr McIntosh says house building provides more jobs per pound spent than other forms of investment.

A report due out next week from Mr Steven Hilditch, Shelter's housing officer, claims that the effect on jobs would be even greater if the extra expenditure involved repairs and maintenance, the most labour-intensive form of housing activity.

● Two million households will be made worse off by changes in a rent rebate and allowance scheme due to be announced in the Queen's Speech, according to Shac, the London housing aid centre.

Bank creditors' meeting called

Financial Times Reporter

THE International Finance & Trust Corporation, a private merchant bank with headquarters at Douglas, Isle of Man, has called a creditors' meeting *for November 23 in Douglas.*

The first news of the bank's difficulties came on September 11, when it announced it could not meet its liabilities and returned its banking licence to the Manx Treasury.

The International Finance & Trust Corporation was founded in 1969 with a capital of £100,000. In 1978 the capital had risen to £1m. There was no comment from the bank's head office yesterday.

Recovery in paper industry forecast

BY ANDREW FISHER

A RECOVERY in the fortunes of UK paper and packaging companies is forecast for next year after the sharp capacity cuts of 1980. The forecast is made in the latest review of the industry by stockbroking firm Phillips and Drew.

Profit improvement in the sector should exceed the average for the whole of industry in 1982, it added. Companies should thus recover *some, though not all, of the* profit declines of the past two years.

Phillips and Drew said destocking this year had slowed down, with the process now almost complete. Although profit margins would worsen this year, there should be a significant improvement in 1982 as a result of higher volume and firmer prices.

Imports had increased in the industry, and packaging producers were likely to suffer an overall drop in UK output this year of some 4 per cent. Paper companies would benefit from the net closure of nearly 15 per cent of domestic capacity during the recession.

Because there had been so much destocking, apparent consumption—including both rebuilding of stocks and actual usage—could rise next year by 5 per cent for the whole UK sector. Real consumption, after allowing for restocking and imports, might be only slightly higher.

Manufacturers would almost *certainly take advantage of the* upturn to raise prices and widen profit margins from current depressed levels, said Phillips and Drew.

This year paper output in Britain was likely to show a fall of about 12 per cent. Im-

Next year, UK paper production should rise at the same 5 per cent rate as apparent consumption, provided imports did not take a bigger share of the market.

BA introduces travel loan plan

By Michael Donne

BRITISH AIRWAYS, in conjunction with Mercantile Credit Company (a subsidiary of Barclays Bank) has introduced a budget loan plan to enable customers to pay later for their package holidays

Passengers can obtain travel credit for any amount between £200 and £5,000, based on 20 times their selected monthly payments. Interest will be at 2.15 per cent a month (equivalent to an annual rate of 29 per cent). Accounts in credit will earn interest at Finance House Base Rate (currently 14½ per cent) less one per cent.

Delegates support calls for limited reflation

BY ALAN PIKE

DELEGATES called on the Government to give a modest boost to demand by cutting business costs, even if the public sector borrowing requirement is temporarily increased.

The decision gives the CBI leadership a renewed mandate to continue its campaign for limited reflation through a £1½bn reduction in business costs, spearheaded by a cut in the national insurance surcharge.

Some delegates made clear during the debate that they would have preferred a substantially larger stimulus to the economy; others expressed concern that any economic recovery would lead to pay settlements running out of control.

Mr Ronnie Utiger, chairman of the CBI's economic policy committee, opened the debate by saying that policy priorities for an economic recovery must be matched against three issues—the need to control inflation, to establish competitivenes, and to ensure that recovery is soundly based.

He called for a reduction in industry's costs in areas like the national insurance surcharge, energy prices and rates, and for selective profitable investment in the public sector.

He rejected as total nonsense, in circumstances where the nation had 3m unemployed and massive idle capacity the "crowding out" argument that any increase in Government investment and expenditure would restrict private-sector investment and opportunities.

He also regarded as very simplistic the argument that any government action must increase the public sector borrowing requirement and therefore be inflationary.

One other argument, said Mr Utiger, was the suggestion that any recovery would mean losing control over pay.

"I think conference should think very carefully about the implications of this argument. This is a danger which is going to be common to any recovery at any time and the implication of using this argument is really to say that we can never risk a recovery because of losing control over pay."

Mr Norman Record of C. and J. Clark said reflation was not a dirty word. Moderate reflation would be the safe course, but that was the cure for moderate recession. The present, very deep recession required stronger action, and he suggested a £5bn expansion to get the economy moving again, rather than the £1½bn proposed by the CBI.

Delegates applauded Mr James Cleminson, chairman of Reckitt and Colman and chairman of the CBI's economic situation committee, who said he did not think conference should heed those who called for immoderate reflation.

The applause was renewed when he told delegates they should remember it was the Thatcher Government which had made it possible for managers to manage. He went on to move the successful resolution. This read:

This conference believes that, while business has a vital role to play in getting the economy moving again, the Government should help by cutting business costs, even if this means temporarily increasing the PSBR, thus giving a modest net boost to demand without fuelling inflation.

Mr John Tavare of Whitecroft, chairman of the CBI's North-Western region, pointed to the continuing problems which industry had faced during the past year, attacking in particular the national insurance surcharge as a "rip-off that cannot be justified under any criteria."

Mr G. T. Dunlop, of William Teacher and Son, admitted that in the short term industry had been "clobbered by the effect of Government economic policy."

There had been times during the past two years when he had wondered whether the Government was supportive of private industry, but delegates must look at the alternatives and keep their nerve.

Mr Evelyn Cribbs of Freemans regretted the decision of the conference on Monday in support of a reduction in the adult retirement age, which would be enormously costly, and was worried that the national insurance surcharge issue was becoming the sacred cow of the CBI.

Mr Ian Bonas of Bonas Machine Company, CBI Northern region chairman, regretted the action of those in the confederation and elsewhere who argued for a high-valued pound because it looked good for their own companies, and appealed to delegates to support action which was good for industry as a whole.

Mr Roy Berridge, chairman of the South of Scotland Electricity Electricity Board, defended the efficiency of the electricity undertakings, however, and reminded delegates that they provided the private sector with much-needed work in high technology areas.

Summing up the debate, Sir Adrian Cadbury, chairman of Cadbury Schweppes, stressed that the argument was one of balance between bringing down the rate of inflation and maintaining a competitive industrial base from which to stage a recovery.

The £1½bn off the national insurance surcharge and other business costs—the equivalent of 0.75 per cent of gross domestic product—was less than some delegates would have wished, but enough to make a positive impact on the nation's competitive position and provide the confidence to invest.

Productivity, investment and labour relations crucial

BY LISA WOOD

BRITAIN had impressive assets and some £1,000m of goods were exported every week, said Mr Edwin Nixon, chairman and chief executive of IBM (UK). But the country could not afford to continue playing cricket when the rest of the world was learning karate.

Three key problems had to be solved, he said. They were:

- productivity;
- industrial relations;
- investment in new technology.

Mr Nixon emphasised the need to recruit top-grade graduates and competitive management teams. Large businesses should help at least one small company to develop.

Mr Graham Neilson, chairman of Aaronite, a small company involved in the North Sea oil platform construction industry, said small was beautiful. However, he compared his company's reception by British companies unfavourably with that given by foreign companies. British companies, he said, treated the small ones with something between "condescension and outward hostility."

Mr Sayne Vernon, of Ash and Lacy, said a first priority was industrial relations. During the previous day's debate on the issue, he said, all speeches came from "the soft-centre left." He said there was a need for a change in the law so that employees called out on strike before having taken a secret ballot should have the right to sue their union and union leaders for damages and job losses.

Sir Robert Marshall, chairman of the nationalised industries chairmen's group and chairman of the National Water Council, spoke of the need for the CBI to take the initiative with the TUC on training.

The CBI was heavily criticised for the second day running by Mr Vincent Saint Brealy, a farmer. He accused the platform of refusing for the second day to put forward his motion for debate.

This motion, he disclosed later, demanded that the Government consider job sharing and/or a capital works programme "to alleviate the unacceptable level of unemployment."

Mr Brealy said on the platform that it was "arrogant nonsense to think that everything that was good for industry was good for the country."

He continued: "We have not got four, five or six years to get the economy right. Out there is an army of unemployed equal to the armed forces in the last war. We have got to help these people."

He suggested that if nothing was done the unemployed would go looking for work as a mob—not as individuals.

Sir Raymond Pennock, president of the CBI, denied that Mr Brealy had been "muzzled." He said Mr Brealy was the sort of person who liked to make it known that he was particularly upset over an issue.

Competitive economy 'a non-party priority'

By Lisa Wood

CONFERENCE unanimously demanded, in a debate on the mixed economy, that the fight to make British business more competitive should become a non-party political priority.

Mr Lionel Altman, of the Motor Agents' Association, who put the motion also said that despite fundamental differences in certain areas between the CBI and the TUC, there were areas where co-operation could be fostered—such as training and education.

Mr John Harvey-Jones, a deputy chairman of ICI, said that the company's directors had cancelled a pay increase and taken a pay cut. Employees generally had made pay sacrifices but he was unhappy at Government pricing policies in the public sector.

Sir Peter Parker, chairman of British Rail, said his industry knew how its troubles had deep and sometimes immediate impact on others. He spoke of the need for long-term policies for his industry and emphasised that the relations between public and private sectors should be a partnership and not simply a problem.

He gave his full support to the resolution

Business rating campaign backed

DELEGATES unanimously adopted a resolution moved by Commander David Verney, managing director of Goonvean and Rostowrack China Clay, supporting the CBI's campaign for a reduction in business rates.

No 'absolute right to a job,' Fraser warns conference

BY ALAN PIKE

NO-ONE CAN ever have an absolute right to a job, and far less to the same job, Sir Campbell Fraser, CBI deputy president, told delegates in his closing speech.

"That may be a goal to work towards, but in a free society living in a competitive world there can be no guarantees," he said.

Sir Campbell who becomes president in May was chosen to make the closing speech in the absence of Sir Terence Beckett, CBI director general, who is convalescing.


Sir Campbell Fraser

The idea was getting around, said Sir Campbell, that not only the idiot fringe but managers in industry believe unemployment had its role in keeping people in their places.

"It is said of us that we are more concerned about profit and loss than the fate of our society as a whole," he said. "To anyone who thinks that, let me say as clearly as I can that the CBI is not in favour of people being out of work.

"Not only do we think that it is socially unacceptable, we also believe it is a total waste of valuable assets and resources."

Unemployment did no favours to families, communities or nations, he said. "I speak for the people of my generation when I say that we were the ones who fought for full employment not just in principle but in practice.

"We have to be equally committed today if we are to reduce our present level of unemployment

The point could not be left there, he said. It was perhaps easier for him than for a politician or a trade union leader to make it clear that there never could be an absolute right to a job and that, in good times or bad, work was more likely to come to those who understood what working effectively was all about.

"I believe as managers we have a great deal to do to get our own work forces, far less the nation, to understand these points. It may not be a popular theme but we certainly need to promote that sort of realism and understanding if we are to get any place fast," he said.

On other issues Sir Campbell said the conference had stated clearly that it did not support the restrictions and bureaucracy of a siege economy. But it did expect Government to run a trade policy which dealt toughly with those countries that competed unfairly.

"The CBI agrees with the overall obectives of this Government, and I want to emphasise that, although we sometimes wish it would find less painful ways of reaching them. But at least we know they are realistic."

Stock Exchange business in October

Dealings in British Funds up £6.1bn

BY GEOFFREY FOSTER

BOOM TRADING returned to the gilt-edged sector of the Stock Exchange last month and took turnover to its highest monthly total since March.

Abating pressures on U.S. and domestic short-term interest rates soon after the major UK clearing banks had hoisted their base lending rates to 16 per cent led to institutional demand for gilts, particularly at the shorter end of the market, in the early part of the month.

Sizeable funds were committed which led to the exhaustion of the remaining supplies of the short tap, Treasury 11 per cent 1985, at some four points below the previous operative price in late August.

The authorities subsequently issued three "ta plets," each of £250m of existing stocks, to satisfy demand. The improved atmosphere also led to the launch of £1bn Exchequer 15 per cent 1997, the first conventional tap stock to be issued by the new Government Broker since he took office in April.

Turnover in gilt-edged during the month jumped by £6.1bn, over 71 per cent, to £14.59bn, from September's £8.5bn, which was the lowest since January 1979.

Trade in short-dated stocks contributed more than half of the total at £8.68bn, up £5.1bn on the September level.

Business in other fixed interest stocks improved by £1bn to £5.9bn. The average value per bargain in the shorts expanded by £140,799 to £318,244. The FT turnover index for Government securities last month leaped to 617.8 from 360.6 in September and compares with the 1980 monthly average of 535.0.

Gilt-edged values, however, moved uncertainly during the month and the FT Government Securities index moved between extremes of 62.32 and its October 26 five-year low of 60.17 before closing the month a net 0.49 off at 61.16.

In complete contrast, trade in equities fell sharply—by just over £1bn, or 32.9 per cent, to £2.05bn, to register the lowest monthly total since August 1980. The number of dealings dropped 102,227 to 244,876 and the average value per equity bargain was £424 cheaper at £8,395. The FT Turnover index for ordinary shares fell to 366.8 as against September's 546.2 and the 1980 monthly average of 458.0.

The sharp contraction in equity business reflected apathy on the part of investors who reserved £1.26bn for the Government's offer for sale of 133.29m shares in Cable and Wireless, which was oversubscribed 5.6 times.

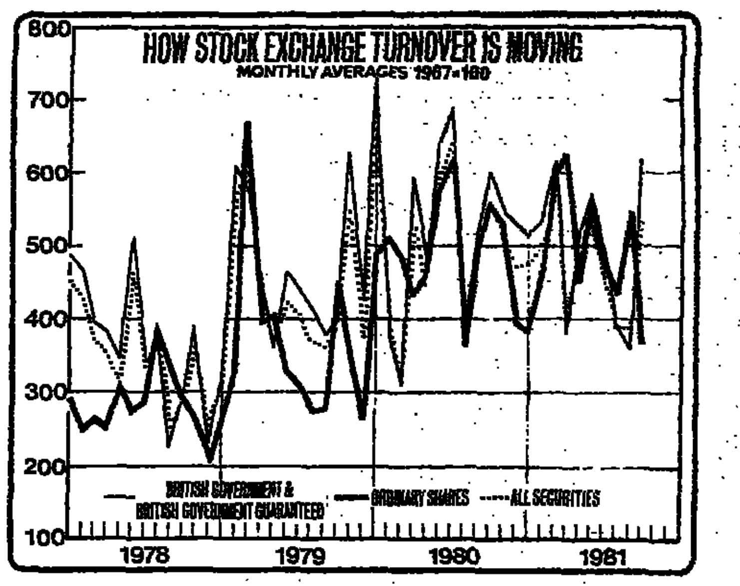
Other restraining influences included uncertainty about the outlook for short-term interest rates and the crisis at British Leyland.

Equity prices reacted after early firmness had taken the FT 30-share close to the 500 level at 498.2 on October 9. It dropped to 461.8 on October 26 and revived underlying fears of a repetition of the collapse seen at the end of September, but closed the month only 6.9 points lower on balance at 468.5.

Business in all securities rose by a remarkable £4.8bn, nearly 38 per cent, on the month to £17.49bn, the highest since the £18.97bn achieved last March.

The FT Turnover index for all securities jumped to 536.2 in October from September's 388.6. The 1980 monthly average was 501.2.

Gold share prices moved erratically and the FT Gold Mines index closed the month 20.8 points lower at 350.4 after attaining 401.5 on October 6 following President Sadat's assassination.



Category	Value of all purchases £m	% total	Number bargains	% total	Average value £m	Average value per £	Average number of per day
British Govt. and British Govt. Guaranteed							
Short-dated (having five years or less to run)	8,682.6	49.6	27,283	7.7	394.7	318,244	1,240
Others	5,915.4	33.8	56,765	16.0	268.9	104,208	2,580
Irish Government							
Short-dated (having five years or less to run)	264.0	1.5	1,128	0.3	12.0	234,050	51
Others	189.6	1.1	2,305	0.6	8.6	82,244	105
UK Local Authority	267.1	1.5	4,614	1.3	12.1	57,886	210
Overseas Government Provincial and Municipal	22.4	0.2	849	0.2	1.0	26,339	39
Fixed Interest Stock Preference and Preferred Ordinary Shares	100.6	0.6	17,270	4.9	4.6	5,828	785
Ordinary Shares	2,005.6	11.7	244,876	69.0	93.4	8,395	1,131
TOTAL	17,497.3	100.0	355,090	100.0	*795.3	49,276	16,141

* Average of all securities

Merchant seamen reject 5.5% pay rise with leave increase

BY IVO DAWNAY, LABOUR STAFF

LEADERS of Britain's 26,000 merchant seamen yesterday rejected a pay and conditions offer valued at more than 5.5 per cent on basic rates.

The General Council for British Shipping had earlier this month dismissed as unrealistic a National Union of Seamen's claim for a "major increase" in basic pay and substantial increases in shore leave, estimating that the claim would lift employers' pay costs by between 25 and 30 per cent.

The GCBS offer comprises a £3 per week rise in basic pay, lifting pay on leave, inclusive of overtime and allowances, from £91 to £95.20 per week and rates at sea from £138.73 to £144.87. The employers also offered an increase in annual leave of nine days per year at sea, taking the current 72 days per 12 months to 81 days.

The union was seeking a further 18 days leave per year in an attempt to reduce mounting unemployment in the industry.

The employers also failed to respond to a union call for all overtime to be paid at time-and-a-half.

Earlier this year the British shipping industry ended its worst period of industrial action since the seamen's strike of 1966 following arbitration on an overtime claim.

The settlement, which will be fully implemented on January 1, lifts payments for all overtime from time-and-a-quarter to time-and-a-half—except for the first two hours of each weekday.

After an hour and a half of talks, the union and the GCBS agreed to meet again next week. Mr Roderick MacLeod, chairman of GCBS negotiators, warned that pressure from international competitors gave both sides a joint interest in reaching a reasonable settlement.

The British shipping industry has suffered a net loss of 90 ships this year in the period from January to August, together with the loss of 2,000 jobs.

The seamen's claim is due for settlement on January 2.

Men 'treated unequally' in Shotton redundancies

BY ERIC SHORT

MEN AND women employees being made redundant at the Shotton Works of the British Steel Corporation are being treated unequally in redundancy and extra unemployment benefits, according to a report* published yesterday by the Equal Opportunities Commission.

The prime cause of this inequitable treatment is the different retirement ages for men and women in the state pension scheme.

The Commission began its investigation after receiving a complaint in January 1980 from an employee at Shotton. Since then a number of other complaints have been received, all from men, alleging unfair treatment.

Inquiries showed that the total amount paid out on redundancy came from four main sources—the statutory payment, the extra benefit from BSC, the ex-gratia payment negotiated locally and the make-up benefits under the European Coal and Steel Community Treaty.

This complex structure resulted in a varied pattern of payments, with discrimination both ways. But the root cause of the different treatment was the different retirement ages in the state scheme and the BSC pension scheme—65 for men and 60 for women.

The report recommends the BSC and the Department of Industry to review all aspects of redundancy payment in order to minimise the unequal affects of the scheme.

It recommends equal make-up benefits between the ages 50 and 54, a review of the BSC's supplement between the ages 39 and 54 and a review of the early retirement provisions of BSC's superannuation scheme.

**Formal Investigation Report; British Steel Corporation, available from Publicity Section, Equal Opportunities Commission, Overseas House, Quay Street, Manchester M3 3HN.*

Insurance union condemns rival's 'apolitical' stance

BY BRIAN GROOM, LABOUR STAFF

THE ASSOCIATION of Scientific, Technical and Managerial Staffs yesterday condemned the "supposedly apolitical posture" of its rivals in the closely-fought battle to represent insurance staff.

The ASTMS, which claims to be the largest union in the industry with 70,000-75,000 members, is often in bitter competition with its main rival, the Banking, Insurance and Finance Union.

Mr Peter Kennedy, ASTMS national officer, said his union's left-wing image was being "unfairly and dishonestly exploited."

Bifu, which is affiliated to the TUC but not to the Labour Party, was "quite clearly characterising itself as a non-political organisation."

He argued that the ASTMS had served both its members and the industry at this year's Labour Party conference by persuading the main opposition party not to commit itself to nationalisation of banking insurance.

The ASTMS favours the directing of funds from the financial institutions into industry by means of a national investment facility.

Bifu, which claims some 21,000 insurance members, has grown by bringing a number of staff associations under its wing.

It claims that 63 per cent of the ASTMS membership is field agents, rather than in-house employees of companies.

Pay offers of 5 per cent and 7 per cent respectively have been made by Liverpool Victoria and Refuge.

Journalists' jobs warning

PROVINCIAL newspaper employers yesterday told journalists' union representatives that the future of many papers, particularly local weeklies, was seriously at risk unless journalistic resources were used more cost-effectively.

In a statement on pay to the National Union of Journalists, the Newspaper Society warned that a 10 per cent fall in provincial advertising volume, average circulation losses to the industry of about 5 per cent, and the impact of free local papers would mean job cuts among provincial journalists. This would happen even if there was no pay increase this year, said the NS.

CBI plea on jobless may win over TUC

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC is likely to react cautiously, but not necessarily unfavourably, to approaches from the CBI for a joint initiative on unemployment.

The CBI conference passed a resolution on Monday calling for the TUC to be invited to join a proposed "unemployment action group." The indications are that the CBI means to pursue this seriously.

The TUC will be sceptical of the terms of reference of a joint body, since it believes it has put considerable effort into measures to combat unemployment, effort so far unmatched by the CBI.

Its last attempt to work closely with the CBI, on a new technology agreement, collapsed last year when the CBI withdrew from talks at an advanced stage. However, the TUC General Council, which would consider a formal approach, is likely to give tentative approval to a fresh attempt at co-operation in this area.

The most visible among the TUC's present projects is its campaign against youth unemployment, the campaign committee of which gave details of its progress yesterday.

Mr David Lea, the campaign chairman and the TUC's assistant general secretary, said that some young unemployed workers would meet the Prime Minister on November 30, when the TUC-sponsored train, the "Jobs Express," reaches London after a week of campaigning in the country's main cities.

Mr Lea introduced a "Charter for Youth," drawn up for the campaign's various youth and ethnic organisations. The charter includes calls for:

- a £30 a week minimum for young workers on Youth Opportunities Programmes (the present rate is £23.50: the Manpower Services Commission has asked for £28);
- training and education for all young people as part of their jobs;
- all 16-19 year olds to be given the chance of education;
- grants for full-time study;
- an end to discrimination against young black workers in jobs and promotion prospects;

Now Sir Michael may have to change his style

Philip Bassett and **John Lloyd** report on the voting at BL plants which gave management another victory over the workforce

SIR MICHAEL EDWARDES, the BL chairman, may feel a little like Pyrrhus today. He has won again.

But can he, or—if he goes next year as he has said he might—his successor, afford to win in that way again?

The arguments for believing he can, lie in the clear ability he retains to out-bluff his shop stewards, who have again seen their calls for rejection of the ever-lower offers turned down by workers frightened for their jobs. He has given away nothing on base rates beyond his final 3.8 per cent and the promises for better communications and *improved trade union structures* are studiously vague.

At Longbridge, Mr Jack Adams, the senior convener, put the case against acceptance forcefully. The revised offer, he said, gave nothing on basic, a miniscule amount on overtime and shift payments, and possibly nothing (though this was obscure) on holiday, sickness and lay-off periods.

On the non-monetary parts of the package, Adams was similarly scathing: No one knew how "localisation of the bonus" could work, while the reconstitution of the joint negotiating committee had still to be seen.

As a clincher, Mr Adams told the massed ranks of carworkers that the consolidation of the £3.75 minimum bonus—a review of which has been promised by BL—would probably be effected—but would form next year's pay rise.

Nevertheless, the Longbridge workers voted to accept the company's revised offer and, in so doing, went against the advice of Mr Adams.

Workers at the Cowley assembly plant had just voted to reject the offer—the major plant to do so yesterday—when news of the Longbridge vote began to spread through the crowd, passed on by management representatives in walkie-talkie contact with their headquarters.

Despite the confusion surrounding the Cowley vote—the Transport and General Workers Union said only 60 voted for the offer out of an attendance of about 2,500; the Amalgamated Union of Engineering Workers' stewards put it at about 2-1 and observers at more like 3-2—many of the strikers, even those who had just been complaining that the Cowley vote was "rigged" and was in fact a narrow acceptance, were *badly taken aback and felt* strongly that Longmridge had let them down.

Most realised immediately that the Longbridge vote set the seal on the strike and that a return to work was imminent. Senior stewards acknowledged that they would accept the overall vote of the mass meetings, despite the Cowley rejection, and would return to work—though clearly with bad grace.

The arguments for believing that the management stye must change lie in the closeness of the Edwardes victory and the evidence, from the picket lines and radio and Press interviews with workers, that dissatisfaction with pay, conditions and lack of consultation extends far beyond shop stewards and militants.

"This is a vote for fear," said one Longbridge worker who confessed he had voted for acceptance: Another, who also voted to accept, said he was "sick that Edwardes had won."

If BL believes it should seek to remedy the resentment which accompanied the fear motivating yesterday's vote, the revised agreement gives them an opportunity of doing so.

First, the localisation of bonuses would, if carried through, be widely popular. One of the commonest complaints heard on picket lines was that the bonus was incomprehensibly and too remote—a complaint even more common than its small size.

Second, a reconstituted joint negotiating committee (JNC) could come to grips with many of the problems which have helped raise the pressure to bursting point — including that of the method of bonus payment. Sir Michael has said he wishes it to be a forum for strategic discussions—a phrase which could mean much or little. However, it will be a largely useless forum unless its composition can be guaranteed and its powers and responsibilities enhanced.

Some of the solution must lie with the unions. The claim of the TGWU, which represents some 70 per cent of the workforce, to have a proportional voice on the JNC has met with resistance from the other unions, led by the second largest AUEW. The TUC may, for the first time, lend its good offices to sort out the matter.

The question then becomes: How much power can the JNC take, or be given? Sir Michael has habitually and successfully appealed above its head to the unions' general secretaries, with whom he has concluded deals: its negotiating role has been neutered and confined to low levels. He will be reluctant to dilute or scrap such a successful formula, though he must clearly be seen to be doing something.

Most compelling, perhaps, is the argument advanced yesterday by Mr Terry Duffy, the AUEW president, that Sir Michael had been forced to negotiate after his "final offer" and his closure threats had been issued.

Mr Duffy, who regards himself as a true barometer of shop floor opinion, was temporarily alienated from his customary position of support for Sir Michael: he does not believe he has won a victory, especially if the revised offer can be built on by local negotiators. That will become clear in the next few weeks.

TECHNOLOGY

EDITED BY ALAN CANE

Shell, Esso in seabed advance

BY ALAN CANE

ENGINEERS FROM Shell and Esso are putting the finishing touches to an advance in subsea oil production systems which could revolutionise the exploitation of the North Sea.

They are building at Schiedam, near Rotterdam in the Netherlands, a structure the size of a small office block (172 ft by 139 ft by 50 ft high) which will soon be towed out into the North Sea and secured to the sea bed in the Cormorant oil field, 90 miles north-east of Shetland.

The structure, which the Shell/Esso team describe as an underwater manifold system, is a sea-bed production control system, the first of its size and complexity ever built.

Up to nine individual wells can be drilled through the UMC using it as a template. Satellite wells can be tethered to the UMC which acts as a collecting point for their oil and links them with a main oil platform.

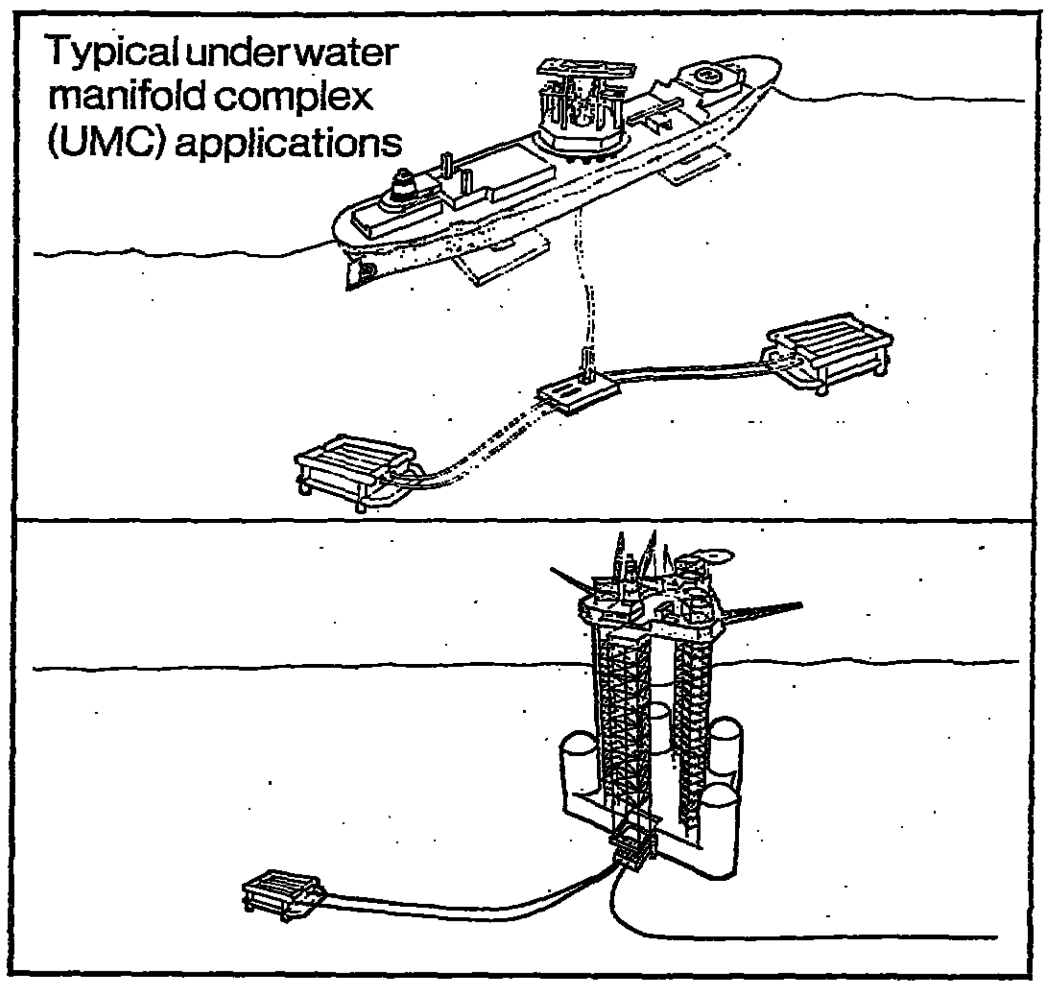
The UMC is regarded as revolutionary by the oil industry because it promises to make possible the exploitation of oil from small and difficult fields.

In the Cormorant field, the UMC will operate in only 490 ft of water; maximum drilling depth in the North Sea using conventional technology is around 550 ft. But the UMC is designed to work in several thousand ft of water.

The UMC and its associated controls:

- Act as a template for wells drilled through the structure and connect satellite wells drilled at a distance from it.
- Collect fluids from the production wells and deliver them via subsea pipelines to the existing Cormorant platform.
- Distribute treated seawater from the platform into the water injection wells to maintain reservoir pressures and hence increase ultimate recovery of oil.
- Permit servicing of the wells and control of the individual well production rates using tools pumped through pipelines from the platform into the well tubing strings.

According to Mr Jan Memelink, technical director of Shell UK Exploration and Production: "More and more oil must come from the deep sea here and throughout the world. It means a very big opportunity for a range of British technologies and they must ensure that they do not let it slip because the competition will be intense."



A variety of ways in which the new UMC could be linked to the main platform, satellite wells or surface vessels

The Cormorant UMC weighs 2,200 tonnes and will be located five miles north of the South Cormorant platform.

One of the principal technological developments in the UMC structure is the amount of routine maintenance that will be carried out by remote robots.

The majority of the critical valves and components of the control system built into the UMC can be replaced by an unmanned, remotely-controlled vehicle described as the remote maintenance system (RMS). The RMS is carried to the location of the UMC by surface vessel; an acoustic signal is used to release a buoy attached to the UMC and the robot service engineer uses the line to winch itself down on to the subsea rig. It slots into a track built into the rig and propels itself through the UMC controlled by an electrical umbilical cord and given sight by television cameras.

Through flowline servicing, a technology developed by Shell, is also extensively used; this means that tools are passed down the tubing strings themselves to gain access to the well.

According to Shell/Esso, well servicing beyond the capability of TFL techniques will be by vertical access from a drilling rig stationed over the UMC or UMC satellite wells.

By the time the system produces its first oil in mid-1983, the two companies say, the UMC will have cost about £240m. The total project costs after completion of all the wells will amount to £360m.

It has been designed to handle about 50,000 barrels a day of produced oil and 56,000 barrels a day of injection water (modern drilling techniques demand that oil removed from a well is replaced with treated seawater to maintain the pressure in the well interior and aid recovery of the oil).

The two companies have emphasised the safety aspects built into the UMC. The control system is electro-hydraulic and built by TRW Ferranti Subsea. Control signals are coded and multiplexed from the platform control panel and transmitted to the UMC where they are retransmitted back to the platform to check accuracy.

Emidata's new mag code reader

EMIDATA of Windsor is now offering the model 1009 Identiscanner, an 8¼ x 4¾ x 1¾ inch "swipe" reader which responds only to the company's Watermark Magnetics coding and ignores any superimposed data recorded on the card.

These cards carry a magnetic stripe in which a 12-digit number is permanently encoded during manufacture and which cannot be erased or altered in any way without destroying the card.

The reader is normally hand-held, the card simply being passed along a slot above a 16-character vacuum phosphorescent display panel which gives a read-out of valid cards' numbers, operating prompts and status information as appropriate.

The unit's functions are controlled by a built-in microprocessor. It is normally programmed to read and display the 12-digit number of a valid card, or give plain language read-out of various kinds of invalidity. But it can also display basic instructions or give other data such as battery condition.

Among the optional features is a non-volatile memory file of up to 1500 Watermark numbers. The user is informed by the display if a card bearing one of the numbers is entered. More on 07535 53111.

Mobile radio from Rediffusion

INTENDED FOR use in military vehicles such as tanks, scout cars or radio trucks is a 100 watt mobile radio station from Rediffusion Radio Systems, the RT 579.

Covering the frequency range two to 30 MHz, the transceiver can also be used in permanent or semi-permanent installations. It provides single sideband, continuous wave and data communications (up to 2400 bits/sec). Frequency switched keying is also available through external adaptors. More on 01-874 7281.

Honeywell seeks new funds for sun cells

HONEYWELL IS looking for alternative funding to continue development work on solar cell technology which could lead to low cost, mass produced cells.

Government funding from the U.S. Department of Energy has been cut dramatically for solar technology under the Reagan administration and Honeywell is one of many companies which has suffered.

So far it has received nearly $4m in Government money but needs about $1m a year to supplement its own research programme.

This week, Mr Paul Chapman from the company's corporate technology centre is meeting organisations such as the Solar Energy Research Centre and the JET Propulsion Laboratory in the U.S. in the hope of attracting new funds.

Conventional solar cells, made entirely from high purity silicon wafers, are expensive. But now Honeywell has devised a way of coating a low cost ceramic with a thin layer of silicon.

The ceramic—which is first coated with a carbon compound to help the silicon adhere to its surface—is made in long thin strips so that larger cells can be produced than at present.

By 1986, the company hopes to produce cells costing about 7 cents a watt, several times cheaper than today. The new cells, however, will be slightly less efficient at producing electricity.

Facit launches desk top computer models

A DESK-TOP computer system available in three versions—two for business management and one for colour graphics—has been announced by Facit Business Systems Division (0533 547149). All three versions incorporate Z80 microprocessors.

The colour graphics version, known as the Facit 6511, is claimed to be suitable for calculation, measurement and control applications, and education as well as graphic presentation. With a 14-in screen monitor conforming to Teletext standards, it provides images in red, green, yellow, blue magenta and black and white.

Screen capacity is 24 lines of 40 characters and the floppy disc unit has two drives for 5¼-in discs each with a capacity of 143KB. This unit also allows for memory expansion in step with the user's requirements.

Electrically connected to the monitor is an alphanumeric keyboard which can be moved to suit the operator's comfort and convenience. An optional matrix printer is available for hard copy output.

KTK of Newtown, mid-Wales, has introduced a new generation of thyristor DC variable speed machine tool drives. The 40-MTD is available in two forms, one naturally ventilated up to 30KW, the second a force ventilated unit up to 55KW.

Plain words from morse

MORSE CODE, still widely used in marine and long distance radio circuits, can be decoded automatically and presented as plain language on a moving single line display using the Model 230 from Morse Equipment, Akeman Street, Tring, Herts (044282 4011).

After connecting the unit to the communications receiver, the operator simply adjusts the tuning control until a lamp flashes in synchronisation with the incoming signal.

The 230 can receive at speeds ranging from 12 to 72 words/min, reacting swiftly to speed changes. Final output can be five or eight level teleprinter code and if desired the unit can be equipped with RS232 or parallel interfaces to allow the messages to be sent straight to a computer store.

Vermont develops discs in England

DEVELOPED IN England by Vermont Research (part of the $16m turnover Springfield, Vermont, group in the U.S.) are 11 and 22 megabyte disc drives which the company claims have unequalled reliability and environmental immunity."

The drives, designated 8000, are said to combine the best features of 3330 cartridge technology with those previously associated with Winchester drives.

Model 8010 is a high performance rigid disc drive which stores 11 megabytes on an ANSI standard eight-inch removable cartridge. The 8520 is a combined cartridge and fixed drive which, using a single spindle "one-over-one" arrangement, doubles the capacity to 22 megabytes within the same compact 7 x 15 x 8¼ inch cabinet.

Cross copying between the fixed and removable discs gives low cost back up.

Priced at around £1,600 the model 8010 will be available during the first quarter of next year. The model 8520 will cost about £2,100. More on 03723 76221.

Bundle cutter

A BUNDLE cutting circular saw capable of cutting tubes and rods up to 12mm outside diameter has been produced by The Addison Tool Company Acton, London (01-993 1661). Offered with a choice of interchangeable cutting heads, a typical use, says Addison, would be to clamp 36 steel tubes of 11mm rod and 1mm wall thickness and cut them to 90mm length with an output of 7,000 pieces an hour.

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A. A service for export orders up to £25,000.

At Midland Bank International, we have recognised that not enough is being done to smooth the path for the new exporter. Or indeed an exporter with an annual export turnover of about £250,000 or less, with individual transactions of £25,000 or less.

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Under this Scheme we offer you 90% finance on exports sold on up to six months' credit. Interest costs are fixed, there is no recourse to you, your existing facilities are not affected and you do not have to hold an ECGD guarantee – we will handle that for you. You just have to fulfil your export undertakings.

The Scheme is also open to companies not currently banking with the Midland. All you have to do is apply for an export facility and open an account with us.

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We can meet your export financing requirements for such contracts and even larger amounts in a number of ways. We can provide supplier credit finance based on your holding your own ECGD insurance cover.

Or, where exporters do not wish to obtain their own cover or have recourse problems, our export house London American Finance Corporation (LAFCO) can help.

LAFCO can arrange cover through their own ECGD policy and they carry the percentage of risk not covered by ECGD. In other words, this gives you 100% protection without any recourse to you. Also, LAFCO will pay you immediately on production of the export documents thus improving your cash flow. Moreover, they take over all the administration work and debt collection. All you must do is fulfil your contract with your customer.

Short term finance of up to two years with additional support services. Midland Bank International is also active in providing finance for credit periods of less than two years.

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And to help bring the contract home, our Buyer Credit, Eurocurrency, Foreign Exchange, Leasing and Performance Bonding specialists are prepared to work as a part of your team and make your export package the most sophisticated and attractive one possible for your overseas client.

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FT COMMERCIAL LAW REPORTS

Cables in a legal tangle

REDLER GRAIN SILOS LTD v BICC LTD

Court of Appeal (Lord Justice Stephenson, Lord Justice Griffiths and Lord Justice Kerr): October 27 1981

WHERE A person has in his possession goods in which he has no proprietary or possessory rights, and such goods are the subject of claims to ownership by other parties, the fact that he has no rights in them is a matter to be taken into account by the court when deciding whether to grant an injunction to prevent him from parting with them to one of the claimants.

* * *

The Court of Appeal so held when allowing an appeal by Redler Grain Silos Ltd, plaintiffs in an action against BICC Ltd, from an order of Mr Justice Lloyd (October 20 1981) discharging an injunction granted by Mr Justice Parker (October 6 1981) prohibiting BICC from parting with goods which were the subject of the action.

LORD JUSTICE KERR said that Redler was the main contractor under a construction contract with an Iranian state organisation to build five silos and a flour mill. In about March 1981 the company's operations were effectively taken over by the Iranian authorities, and its European personnel expelled.

Redler was at present negotiating with the Iranian authorities for compensation for the value of their work and assets in Iran, and had put forward heavy claims of which the outcome was inevitably very doubtful. The present proceedings, between Redler and BICC, related to £180,000 worth of electric cables and equipment which had been *destined for two of the silos, but* which were still lying in the UK in the possession of BICC.

Redler had ordered the cables from BICC, under a c & f contract, and had duly paid the full price to include the cost of freight and shipping the cables to Iran. The transaction was unfortunately overtaken by the troubles in Iran. In August 1980 Redler asked for shipment to be delayed and, in October or November, agreed with BICC that shipment would be risky *and that the goods should be* delivered to Redler in the UK, and that BICC would repay the freight charges.

*

At that stage it was common ground that by so varying the c & f contract, the property in the cables had passed unconditionally to Redler. However, the goods were not collected because the position was unclear as to what was to be done with them, and soon afterwards Redler was expelled from Iran.

The Iranians suddenly made a claim to the cables which were still lying at BICC's premises. They sent representatives to BICC in London, to say that the pre-revolutionary organisation had paid Redler for the cables and that they were therefore now state property. Redler strongly denied the claim, and on the material before the court, there was nothing to indicate that the property in the *cables had passed to the* Iranians under Redler's construction contract.

The Iranians' claim to the cables had radically altered BICC's attitude. BICC was now extremely anxious to ship and deliver the cables to Iran *because it had large projects there* and was worried that sanctions would be visited on the company if it did not comply with the Iranians' wishes. However, BICC did not assert that it had any property in the cables itself, nor that it had any *possessory right*. Having acknowledged previously that property had passed to Redler, BICC now said that it was either in Redler or in the Iranian state organisation. Both Redler and the Iranians laid claim to the cables and demanded delivery.

*Redler had instituted proceed*ings against BICC to claim delivery of the cables and damages. Pending the outcome of the action, it had successfully applied *ex parte* for an injunction to prevent BICC from parting with possession of the *cables, but it was later* discharged, *inter partes*, by the judge at first instance. Redler now appealed against that discharge and asked for the injunction to be restored.

*

An injunction was an equitable remedy whose grant or refusal was at the court's discretion, and it was settled law that the court would not interfere with a judge at first instance who exercised that discretion reasonably.

The judge had discharged the injunction for the one main reason that, in his view, an award of damages to Redler would provide an adequate remedy should it succeed in the action. He concluded that since BICC was in a position to pay damages if Redler succeeded, *and because the goods were* ordinary electric cables, the basic condition for granting equitable relief was lacking.

In an ordinary case that approach would be a perfectly proper way of exercising the discretion, but in an ordinary case the defendant invariably claimed to have some proprietary or possessory right in the goods which the plaintiff sought to recover. In the present case, BICC did not claim to have any rights in the goods. Redler was *prima facie* the owner, at any rate as against BICC, which clearly was not the owner.

The judge had ignored that aspect of the matter entirely and had failed to take it into acount in the exercise of his discretion. If he had taken it into account, he could not reasonably have exercised his discretion as he did.

There was another more general aspect which troubled *his Lordship. It was settled law* that the courts would not recognise anything in the nature of penal or confiscatory acts of foreign governments so as to affect proprietary rights in respect of assets within the UK. Whether the Iranians' claim *to the cables was of a confis*catory nature remained to be decided at the trial of the action, but there was no material before the court at present which supported their claim on any basis recognised by English law.

*

What troubled his Lordship was that it was generally acknowledged that Iran's political troubles had resulted in claims and counter claims between the Iranian authorities and others, many of whom had some assets in the UK or elsewhere outside Iran. He would be loth to give recognition to any claim to assets within the juris*diction without full trial of the* issue. The courts could not be party to the disposal of such assets simply on the basis of the *ipse dixit* of some foreign organisation. That would be a quite unprecedented and wrong thing to do. The appeal should *be allowed and the injunction* restored.

It should be made very clear that in relation to BICC's operations in Iran, the court had great sympathy with BICC with regard to its difficulties, and fully understood its position. *For the benefit of the Iranians, his Lordship* said that BICC had done everything possible to enable the cables to be shipped and delivered in Iran. It was simply the effect of the court's order which prevented them from doing so. It seemed clear that *Redler had a right to stop the* goods from being delivered.

Lord Justice Stephenson and Lord Justice Griffiths agreed.

For Redler: Martin Moore-Bick (Richards, Butler and Co.).

For BICC: Peter Irvin (Stanleys and Simpson, North).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

PETER SCUDAMORE, as determined as ever to wrestle the jump jockey's title from John Francome, must be hopeful of getting a step closer to *his objective at Newbury today.*

Scudamore is backed by another formidable team of David Nicholson runners headed by the course specialist Leney Dual in the Lionel Vick Memorial Chase.

Leney Dual, who tackles such proven older performers as Approaching, Royal Stuart and Gandy VI, has been improving steadily and will, I suspect, prove up to conceding 13 lbs to the Duke of Alburquerque's Colonial Lad, an eight-year-old ridden by his owner's accomplished son, the Marquis de Cuellar.

For his first attempt of the afternoon Scudamore will be turning to Jungle Jim in the opening division of the Cold Ash Novices Hurdle.

This respectable performer on the flat over the past few months showed enough on his hurdling debut here, when third behind Krug and The Thatcher, to suggest that he will come out ahead of two other highly regarded recruits to the jumping scene, Cloudwalker and Cornish Blue.

A *third possible winner for* Nicholson and his stable jockey is On A Cloud, who makes his hurdling debut in the second division of the Cold Ash.

Now racing in the colours of Lord Northampton for whom last season's leading juvenile, Broadsword, won seven of his nine races in the campaign. On A Cloud is another highly rated recruit from John Dunlop's stable.

It was from the same source that Broadsword joined Nicholson on behalf of his owner.

One race unlikely to fall to Scudamore (now a 6-4 joint favourite with Francome for the championship in Hill's book) is the Cokethorpe Novices Chase.

Here his mount, the New Member gelding New Lyric, is likely to be out of his depth as he tries to match strides with Francome's Fifty Dollars More and the selection, Mercy Rimell's Connaught Ranger.

NEWBURY
1.00—Jungle Jim
1.30—Leney Dual
2.00—Snowtown Boy***
2.30—Connaught Ranger*
3.00—Gaye Chance
3.30—On A Cloud**
WOLVERHAMPTON
2.15—Ulmar
2.45—Carl's Wager
3.15—Road To Mandalay

GARDENS TODAY

Grand autumn colours

BY ROBIN LANE FOX

AT THIS point in the year, I wish my garden was bigger. There is no grass to mow for the next six months and instead I wish I could house more shrubs. It only takes a few clear days to make me long for more autumn colour.

The countryside, between the storms, has looked like the colour plates in my favourite books on landscape, those volumes for Regency gentry compiled by the designer, Humphrey Repton. Over each hand-coloured sketch, a movable slip of paper allows you to picture each client's garden before and after its proposed improvement. Pull back the slip and a new lake winds magically through the former site of a post and rail fence and tangled brambles. The neighbours' cottages vanish into open parkland and villages retire to points chosen only for their looks. Among clumps of oak, the cows browse gently while the unemployed look picturesque in the suggested line of Repton's ha-has.

Caught in these lovely expressions of a dream, the countryside seems held in perpetual autumn. When you turn the page, the cows are always a honeyed brown, matching the turning leaves on their frame of forest trees. The oaks are hand-painted in yellows and red bronze and the sun is always westering. Hardly a ripple of fear has spread from the French Revolution, except to the style of the rural nobility's new safe seats. They look out across their parks like Gothic forts, romantic but defensible in an age which had seen the heads of its country gentry roll.

Neighbours do not vanish at the flick of a fly leaf and nobody has now thought of hiring landscape designers to find a use for the rural unemployed. But the pictures in these books were designed to coax readers into a seasonal *folie de grandeur*. Led on by it, I would like to follow some thought for *an autumn garden, the setting,* perhaps, of a weekend cottage where your lawn runs out into open countryside, where you want to avoid a children's pony and cannot be tied to mowing more than twice a year.

On a lime soil, first, I would go wild with the best of the recent forms of the Spindle tree. They grow almost anywhere and colour so brilliantly that their dullness for much of the summer is quite excusable. They are listed as Euonymus and are capped, in a woodland setting, by the self-explanatory form called Red Cascade. This spreading shrub or small standard tree is as brilliant as a Japanese maple and far easier to please. Its rosy red leaves *are set with masses of fruits* whose skins split open to a bright shade of red, favoured by the local birds.

A lovely companion is called Sacchalinensis, whose fruits and leaves are an even richer colour. Patient gardeners would also appreciate the winged Spindle, called Alatus, which fans out into a charming layer of small branches, set with odd wings along the stems. This is a shrub for the middle to foreground of an autumn planting or for grouping against dark evergreen leaves. It turns a *brilliant rose red and can be* enjoyed in a smaller form, Compactus, which is usefully stocked by Hilliers of Winchester.

This low Spindle tree will settle down as a small hedge at *3 or 4 ft*. I saw it recently as the edging to a path which wound away into an orchard of Orange Blossoms, Rubus tridel, and tall white Deutzias, my latest craze. It made a spectacular frame to the picture.

Euonymus, in short, is good news for wild and weekend gardeners who want to be cheered up as they shut down the house on a cold November Sunday. On acid soils, these gardens have far more choice. Maples can pair with the big leaved Disanthus, as brilliant as a large bush of coloured hazel. The discs of smoke pink leaves on the thin branches of the Cercidiphyllum are so naturally made for turning that they smell of burnt sugar, the source of a leaf's autumn colour.

There are other good colours to enjoy, but I wish to single out the one which impressed me most in the past week.

The brilliant leaves of the Liquidambar are *no strangers* to gardners on damp and acid soil. They are the upright trees which are classed in the witch hazel family but closely resemble a maple in the rich reds and yellows of their lobed leaves. They are marvellous plants with which to frame the receding view across a lawn or a garden's boundary, but they are best bought in pots as young plants whose roots resent disturbance. The best known variety is the Sweet Gum, or Styraciflua but last week I saw a named improvement which ought to satisfy anybody. Called Lane Roberts, it turns a rich shade of dark red, year in, year out, making a tall tree in two decades which adds a deep tone to any autumn garden. The Liquidambar likes to be damp while standing on light soil, preferably without lime. On chalk it is useless. It dislikes wind but is thoroughly hardy if staked when young. Among bracken and azaleas it is one of the sights of autumn. And its dark red form surpasses even the reddest of our red oaks.

These autumn shrubs need space and a certain tolerance when out of season. They are plants for views and Reptonian landscape; they should be planned to be seen on the grander scale. The cows and ha-has in those English views never knew such autumn brilliance. Lakes may be beyond you and the local blackguards are no longer up for hire. But the Spindle and the Liquidambar are two of the better arrivals since those days of the Regency landscape.

TELEVISION

Chris Dunkley: Tonight's Choice

You'll need a television in the office to see two of today's most interesting events live: **The State Opening of Parliament** on BBC1 at 11.00 and, in **News Afternoon** immediately afterwards, *the space shuttle's second blast-off from Cape Canaveral.*

In the evening BBC2 begins repeats of two magnificent documentary series: **Life On Earth** and **Strangeways**. Sensibly David Attenborough's history of animal life is shown at a time when children can watch. It is much better value than homework. Strangeways is an exhaustive and disturbing account of life in Manchester's prison.

Those apart, it is one of those evenings when anyone who doesn't simply want to relax with undemanding entertainment may find himself better served by radio. **Scientifically Speaking** on Radio 3 discusses the importance of distinguishing "real" differences between animals from those due to size alone: an elephant's brain is bigger than a man's and a shrew's brain represents a greater proportion of body size than a man's, yet we are more intelligent than either.

Just after that you can hear from **The Reith Lecturer** on Radio 4: Professor Lawrence Martin, who starts his lecture series (on armed force in the modern world) next week, talks here to Michael Charlton. An hour later in **Analysis** Mary Goldring questions the way that prices rise as food moves down the distribution chain.

BBC 1

9.05 am For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 11.00 The State Opening of Parliament. 11.50 News After Noon, including The Space Shuttle: live coverage from Columbia. *12.57 pm Regional News for England (except London):* London and SE only: Financial Report: News Headlines. 1.00 Pebble Mill at One. 1.45 Postman Pat. 2.01-3.00 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Laurel and Hardy cartoon series. 4.25 Jackanory. 4.40 The Record Breakers with Roy Castle and Norris McWhirter. 5.05 John Craven's Newsround. 5.10 God's Wonderful Railway.
5.40 News.
6.00 Nationwide (London and South East only).
6.22 Nationwide.
6.45 The Wednesday Film: "Carry On Up The *Khyber*."
8.15 So You Think You're Safe At Home? Cliff Michelmore and Magnus Magnusson.
9.00 News.
9.25 All Those Hard Luck Stories.
9.55 Sportsnight (Boxing: highlights from last night's Barrett/Duff promotion: Rugby Union.
10.50 Parkinson.
11.50-11.55 News Headlines.

BBC 2

10.10 am Gharbar.
10.35 Play School.
11.00 For Schools, Colleges.
3.55 pm One Man and His Dog.
4.35 Cartoon Two.
4.40 Vikings!
5.10 The Great Liners.
†5.40 The Five Faces of Doctor Who.
6.05 Grange Hill.
6.30 Life on Earth.
7.25 News Summary.
7.30 MacLeod's Russia.
7.50 Collecting Now.
8.20 Strangeways.
9.00 M*A*S*H.
9.25 The Borgias.
10.20 Out of Court.
10.50-11.40 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 Rainbow. 12.30 pm Space Shuttle 2. 1.00 News with Peter Sissons plus Weather, FT Index. 1.20 Thames News with Robin Houston. 1.30 Armchair Thriller. 2.00 After Noon Plus presented by Mary Parkinson and Kay Avila. 2.45 Charlie's Angels. 3.45 About Britain. 4.15 Daffy Duck. 4.20 Country Camera. 4.45 Fanfare for Young Musicians. 5.15 The Brady Bunch.
5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help with Viv Taylor Gee.
6.35 Crossroads.
7.00 This Is Your Life presented by Eamonn Andrews.
7.30 Coronation Street.
8.00 Starburst.
9.00 Diamonds.
10.00 News at Ten.
10.30 Mid-Week Sports Special introduced by Brian Moore and Jim Rosenthal: Another big night of action with matches in three European club competitions plus build-up to the World Gymnastic Championships in Moscow and the rest of the sports news.
11.40 Hammer House of Horror: "Rude Awakening."
12.40 am Close: "Sit Up And Listen" with Gordon Honeycombe.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
1.20 pm Anglia News. 2.45 Strumpet City. 5.15 Here's Boomer. 6.00 About Anglia. 11.40 Preview. 12.10 am The Big Question.

ATV
1.20 pm ATV News. 2.45 Tenspeed and Brown Shoe. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.40 Great Fights of the 70's (Muhammed Ali v Ken Norton—No 2).

BORDER
1.20 pm Border News. 2.45 Strumpet City. 5.15 Mickey, Donald and Friends. 6.00 Lookaround Wednesday. 11.40 News Summary.

CHANNEL
1.20 pm Channel Lunchtime News. What's On Where and Weather. 2.45 Strumpet City. 5.15 How's Your Father. *6.00 Channel Report. 10.28 Channel* Late News. 11.40 Superstar Profile. 12.05 am Epilogue followed by News and Weather in French.

GRAMPIAN
9.25 am First Thing. 1.20 pm North News. 2.45 Strumpet City. 5.15 Batman. 6.00 North Tonight. 10.30 Thriller: "The Eyes Have It." 11.40 Paris by Night. 12.10 am Superstar Profile 12.35 North Headlines.

GRANADA
1.20 pm Granada Reports. 2.00 Live from Two. 2.45 Bracken. 5.15 Donald, Mickey and Friends. 6.00 Granada Reports. 6.25 This Is Your Right. 11.40 The Monte Carlo Show.

HTV
1.20 pm HTV News. 2.45 Strumpet City. 5.15 Ask Oscar. 5.20 Crossroads. 6.00 Report West. 6.30 Benson. 10.28 HTV News. 11.40 Paris by Night.
HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. *4.45 Goglis. 5.15-5.20 Dick Tracy. 6.00* Y Dydd. 6.15 Report Wales. 6.30-7.00 Taff Acre.

SCOTTISH
1.20 pm News, Road and Weather. 2.45 Strumpet City. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Report. 10.35 Late Call. 10.40 "Bad Blood" (Part 1).

SOUTHERN
1.20 pm Southern News. 2.00 Houseparty. 2.25 The Amazing Years of Cinema. 2.45 Charlie's Angels. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 Mork and *Mindy. 11.40 The Entertainers.*

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where The Jobs Are. 2.45 Strumpet City. 5.15 Here's Boomer. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 11.40 *Pavilion Folk*. 12.10 am *The Bitterness of Death.*

ULSTER
1.20 pm Lunchtime. 2.45 Strumpet City. 4.13 Ulster News. 5.15 Cartoon Time. 6.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.40 Bedtime.

WESTWARD
12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Strumpet City. 5.15 How's Your Father. 6.00 Westward Diary. 10.32 Westward Late News. 11.45 Superstar Profile. 12.10 am Faith for Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE
1.20 pm Calendar News. 2.45 Strumpet City. 5.15 Mork and Mindy. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 The Jazz Series from the Gateway in Edinburgh, with Ronnie Scott and his Quartet, John Etheridge and Ric Sanders.

RADIO

(S) Stereophonic broadcast
‡Medium wave

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S)
VHF Radios 1 and 2—5.00 am As Radio 2. 8.00 pm Alan Dell with Dance Band Days. 8.30 The Mitchell *Minstrels* (S). 9.00 *The Boston Pops* (S). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

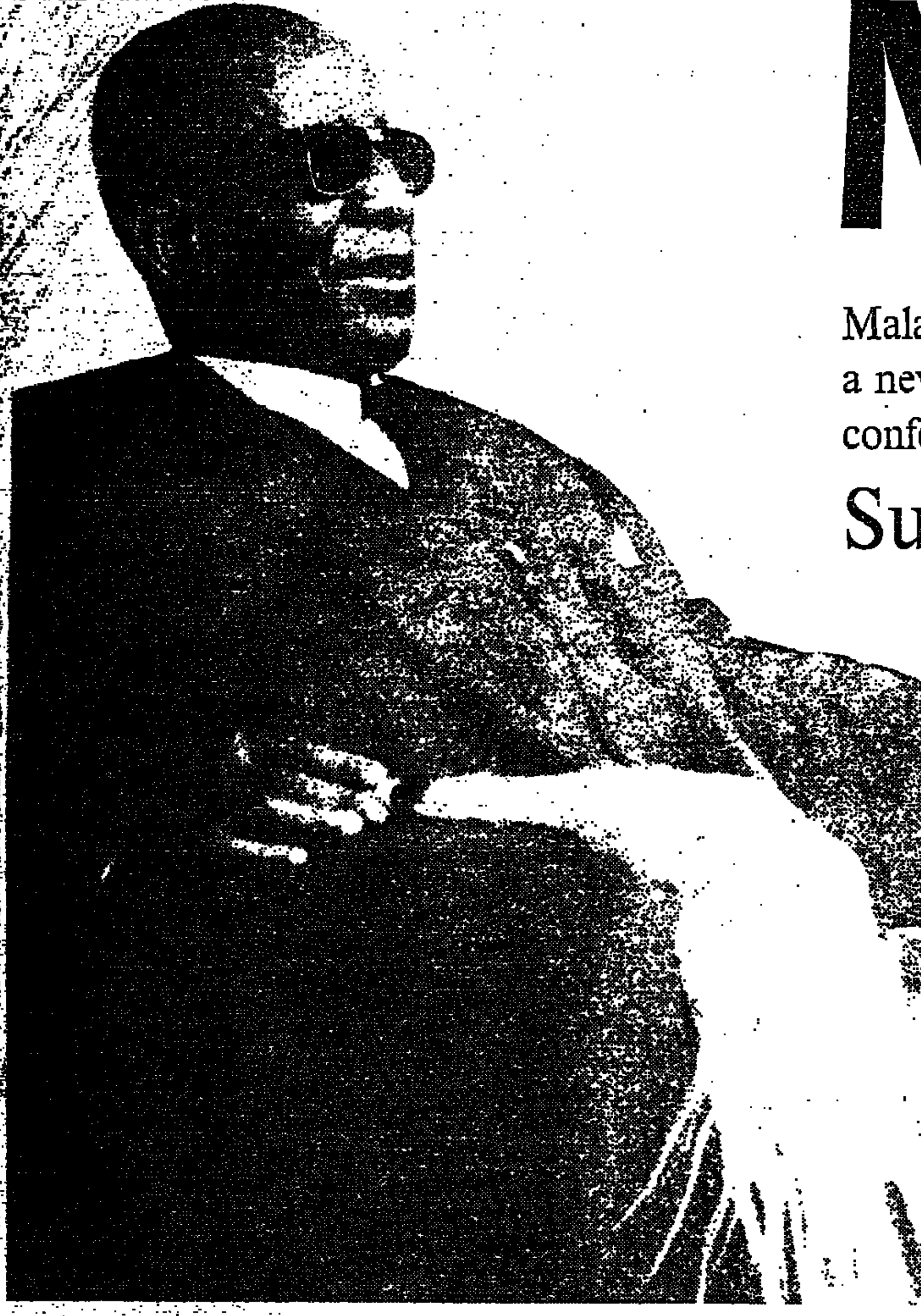
RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Susannah Simons (S). 12.00 John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 European Soccer Special. 9.30 The Boston Pops (S) (joining VHF). 9.55 Sports Desk. 10.00 Animal Alphabet. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (cont.). 9.00 News. 9.05 This Week's Composer: Darius Milhaud (S). 10.00 Music for Organ (S). 10.45 Fantasy Quartets for Oboe and Strings (S). 11.25 Vienna Festival 81 (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 *Hungarian Songs* (S). 3.30 South German Radio Symphony Orchestra (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Scientifically Speaking. 7.40 Rafael Puyana (music by Bull and C.P.E. Bach) (S). 8.00 BBC Symphony Orchestra Concert from the Royal Festival Hall, London, Part 1: Wolf (S). 8.50 Six Continents. 9.10 *Concert Part 2*: Strauss (S). 10.00 Piano Music (S). 10.45 The Fourth Month. 11.00 News. 11.05-11.15 John Parry (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 "The Dream Woman," by Wilkie Collins. 9.00 News. 9.05 Mid-Week: *Tony Lewis*. 10.00 News. 10.02 Gardener's Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 11.25 The State Opening of Parliament. 12.00 News. 12.02 pm You and Yours. 12.27 Transatlantic Quiz. 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Abroad Thoughts From Home. 4.00 Priestland's Progress (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 *Shipping Forecast.* 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 The Senior Partner. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Reith Lecturer. 8.15 Radio 4 Afloat. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Lord Peter Wimsey. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 12.00 News.

FINANCIAL TIMES SURVEY

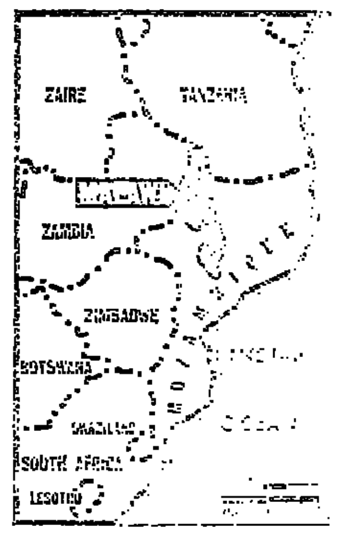
Wednesday November 4 1981



His Excellency the Life President of Malawi, Ngwazi Dr H. Kamuzu Banda, in characteristic pose with flywhisk

Malaŵi

Malawi, for years the 'odd-man-out' in Southern Africa, will mark a new departure in its international relations by hosting this month's conference for the leaders of nine independent black states.



Summit marks a new mood of realism

THIS SURVEY WAS WRITTEN BY J. D. F. JONES

WHEN MALAWI plays host this month to the Southern African Development Co-ordination Conference (SADCC), she will be coming in from the cold. For years, Malawi has been the unrepentant odd-man-out in the region because the President, Dr Banda, has insisted on dealing openly and publicly with the white-supremacist government of South Africa. The result was that Malawi has benefited very considerably from South African aid, at the cost of being accused of being the Uncle Tom of Black Africa.

Today, the very purpose of SADCC is to make it possible for the nine independent black states of Central and Southern Africa, through economic co-operation, to reduce their dependence on the Republic. When Dr Banda embraces his guests in Blantyre in a fortnight's time, he will be symbolising a shift of direction.

It must be emphasised at once that this does not mean the end of the special relationship between Malawi and South Africa. Dr Banda is understandably going to try to have it both ways—and the South Africans, however vexed that SADCC is spiking their own plans for a regional grouping that would be anything more than a constellation of client Bantustans, will continue to value a friend in the north.

In the period since Prime Minister Vorster went to Malawi in 1970 and Dr Banda paid his famous visit to the Republic in 1971, South Africa's role in Malawi has been enthusiastic and, indeed, generous. The South African presence in the country is concealed by neither party: an SAA sign tops Blantyre's central office block; the rand heads the lists of foreign exchange rates; Dr Banda's new capital city, Lilongwe, was financed and largely built by the South Africans.

There is a new element of realism in the region about these matters. The SADCC Ministers and officials understand perfectly well that the Republic will for years continue to dominate Southern Africa by virtue of its mighty economy. (When Malawi officials visited Botswana last month to discuss arrangements for the Blantyre summit, they had to transit through Johannesburg.)

Argument

No doubt Dr Banda will stick to his guns. When he visited New Zealand last month he repeated his old argument that the Black states were guilty of hypocrisy.

"I prefer to deal with South Africa openly, not secretly, and not denounce them in public and then deal with them secretly. . . . To kill apartheid is to go there," he told parliamentarians in Wellington. (He even urged his hosts to encourage visits to and from South Africa, in what can only have been taken as a reference to the recent Springbok-All Blacks rugby controversy.

Dr Banda went on to argue that his 1971 visit had led to a relaxation of apartheid—"The White people in South Africa now shake hands with the Africans, they now eat with the Africans, and treat the Africans as human beings."

The SADCC leaders would probably demur at this, and some of them will certainly not accept his argument that "things have changed in South Africa very, very greatly." But they all know that today's priority is to get down to the hard work of regional development, and they accept that Malawi—the "warm heart of Africa," as the brochures say — "belongs" in the region and that its labour, its communications, its farmers and its markets cannot be isolated.

And Malawi needs all the help it can get.

It has been a difficult few years and Malawi is today trying, with the help (and some very stern words) of the donor community, to put its house in order.

The 1970s made Malawi something of a favourite of the development economists. Nyasaland had been the poor cousin of Britain's Central African empire and the challenge was formidable. In the words of a recent government document: "newly independent Malawi (in 1964) was deficient in significant natural resources, landlocked, with an undeveloped infrastructure and a largely illiterate population.

"The one intractable constraint that inhibits Malawi's development is its limited resource base: the finite area of arable land, the lack of mineral wealth, the increasing pressure on resources by the growing population."

Between 1970 and 1979, real (GDP) growth averaged 6.6 per cent a year and output rose from K267m to K1,049m. There was self-sufficient in food—in itself, an unusual and impressive achievement in Africa. Malawi in the meantime had a good reputation with the donor countries and Dr Banda had evolved a political system which, whatever else might be said of it, produced stability.

The trouble that Malawi ran into in the late 1970s can be summed up, very broadly, as a conjunction of factors. First, there is always the limited resource-base, mentioned above: it is a green and pleasant land, but it is small and under-endowed.

Furthermore, its narrow agricultural base, in which a trio of cash crops — tobacco, sugar, tea—account for three-quarters of total exports, makes the economy dangerously vulnerable.

Third, Malawi was hit at both ends by the terms of trade: in the words of the Economic Planning Division, "a deceleration in the rate of growth of the economy [illegible] in 197[illegible] Significant [illegible] were the [illegible] [illegible] exports, [illegible] in the European [illegible] which [illegible] terms of trade."

These economic difficulties (which are discussed in detail on the next pages) were compounded by the Zimbabwe civil war [illegible] border with Mozambique in 197[illegible] by Mozambique's problems [illegible] for three months in 1979 [illegible] fuel was reaching Malawi [illegible] by growing [illegible] inefficiency in the public sector.

In retrospect the tide may have turned with the arrival of the IMF and the World Bank.

CONTINUED ON NEXT PAGE

BASIC STATISTICS

Area:	[illegible] sq miles
Population:	[illegible]
GDP (1980):	[illegible]
GDP per capita (1980):	[illegible]
Currency:	£=K[illegible]
	$1=[illegible]
TRADE (1980)	
Exports:	[illegible]
Imports:	[illegible]
Tobacco exports:	[illegible]
Sugar exports:	[illegible]
Exports to UK:	[illegible]
Imports from UK:	K67m
Inflation (1980):	[illegible]

IN THIS SURVEY

A sober plan to restore the economy

THERE HAS never been any great disagreement about the sources of Malawi's economic problems—the arguments about Malawi invariably refer to such issues as the relationship with South Africa or the country's internal political system. There have never been many alternatives, economically, for Malawi has to struggle against an uncontroversial collection of difficulties.

Natural resources are notoriously few, beyond the fact that the 5m or more who are in peasant agriculture can keep the country self-sufficient in food. Despite talk of coal or bauxite or rare earths or even oil in Lake Malawi, there is as yet no sign that there are significant mineral resources. Industrial development is hard for a market so small and so expensive in terms of transport from the distant ports or the manufacturing centres of the continent.

Malawi is at the mercy of her terms of trade—and between 1977 and 1979 they are estimated to have fallen by almost 20 per cent with another 9 per cent decline in 1980. During this period, official figures show the real growth rate (GDP) fell from 7.9 per cent in 1977 to 4.4 per cent in 1979 and then—following a poor performance by smallholder farming as a result of the weather to 0.6 per cent in 1980.

The extravagance

Meanwhile, the balance of payments was slipping. Although exports went up 36.7 per cent in volume over 1977-80 (compared with a parallel import figure of 21.8 per cent) the deficit on goods and services deteriorated from K56m in 1977 to K199m in 1979 and K167m in 1980.

At the same time, the country's external debt rose from K399m to K504m between 1979 and 1980 and the cost of debt servicing rose from K32.9m to K47m. Add to that picture growing evidence of inefficiency or extravagance in the important parastatal companies and the crisis was clearly in sight.

The Government has responded at three levels of urgency: immediate measures (involving the IMF and World Bank); a very modest Development Programme for the first half of the decade; and a proposal to break through the deadlock with the help of the donor community in the later 1980s.

The first response was to call on IMF Standby Credits, step-up foreign borrowing (though on high commercial terms), and permit the sort of investigation of the domestic economic system which the World Bank required before a Structural Adjustment Loan could be agreed early this year.

Budgets were cut, taxes increased, a credit squeeze and a 20 per cent import deposit scheme introduced (since replaced by a 3 per cent import levy) and a purge of the parastatal bodies initiated. Development expenditure was cut back from the revised budget figure of K165m for 1980/81 to K156m this year (thanks principally to dramatic cuts in spending on "Government Buildings" "Power" and "Transportation"—though in the latter two sectors major projects were anyway close to completion.

Throughout all this, the Malawi Government probably still enjoyed the invisible asset of a high reputation with the donor nations. The next step was a medium-term proposal for a Development Programme for the five years 1981-82—1985-86. It is a sober, almost masochistic document. It sees no early prospect of a transformation in the external circumstances which have created the crisis. Therefore, there must be a restoration of "external and internal" balance to the economy.

In particular, the range of crops and agro-industrial exports must be broadened, so investment expenditure must be redirected towards agriculture. There must also — says the programme — be improvements in the public and private institutions.

The programme

The Five Year Development Programme envisages:

- A 5.2 per cent growth per annum over the whole period, ie 2.5 per cent higher than the population growth rate.
- Investment growth resumes in 1983, but very slowly.
- Exports grow by 90 per cent over the full period.
- The current account deficit shrinks and capital account inflow contracts "very sharply" as a result of the essential decrease in foreign borrowing.
- While the exports of the trio of principal exports decline, tobacco is actually forecast to regain a 51 per cent share of the total: tea and sugar both decline proportionately.
- Wages will continue to be held down by Government, but Government revenue will return to its historic higher level (ie taxes up) and the revenue of the statutory bodies is to be allowed to rise, eg prices will be raised for basic services and also for rents (this is obviously a delicate political area).
- On the development account, the administrative sector spending declines as a result of major economies. The overall size of the development programme is to contract "substantially, in real terms, at the beginning of the period and, thereafter, remain constant for at least a couple of years."

At this point, after what the Economic Planning Division described in a subsequent document as the "rather austere" Programme, the possibility of a happier prospect emerged through the UN Conference on the Least-Developed Countries, which envisages greatly increasing the flow of aid in the 1980s.

Malawi's response has been to put up a "modified" Development Programme, which was presented to the LDC at Paris and Geneva earlier this year, on the basis of an assumed "considerably accelerated flow of assistance from 1983 onward that will permit larger investment, more rapid growth and improved social services."

For the benefit of the alleged or potentially more generous donors, the Malawi Plan has therefore been redrafted with a professed target of "regaining the pace of the 1970s by 1984 and gradually working towards a long-term goal of an annual 8 per cent growth rate during the decade of the 1990s.

"Such achievement is believed possible in view of the expressed desire of the donors to provide for a massive increase in the availability of external resources under drastically changed modalities that will facilitate Malawi's capacity to absorb such assistance."

The difference in scale is easily illustrated: the existing Five Year Development Programme assumes a Grant/Loan requirement in 1985 of K181.8m; the revised "LDC Conference Programme" looks for a total of K345m in that year.

Officials in Lilongwe claim that the donor nations have responded positively to the revised proposals. They now hope for a special Malawi pledging conference, some time in the first part of next year.

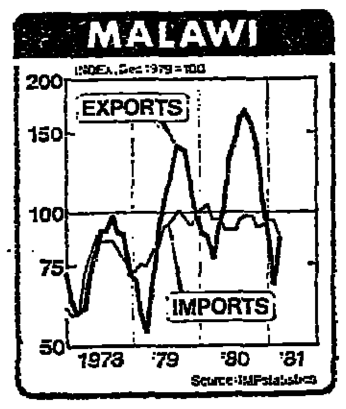
The limitations

This is where the Malawi case rests. It is the limitations on the Malawi Government's own power to change its destiny that become the most lasting impression of the visitor. Diversification of the agricultural sector is clearly more difficult—or rather, far, far slower—than could have been theoretically expected, and so the economy remains vulnerable to a disaster to one of the principal cash crops.

Abuses may or may not have been allowed in the state economic system but they seem to be in process of correction—and if not, the donors always have the whip hand. Industrial prospects are not exciting and it will be a long time before SADCC can bring a transformation. Tourism is a modest prospect, but no more than that.

All that remains is the traditional Malawi resource—labour—which is either cheap at home or has spread throughout the region, often unofficially, so that you meet Malawians everywhere, from the Cape to the Equator: but the export of migrant labour cannot be an acceptable national policy and the Government has cut back very considerably on the number of "contracts." Remittances are now running at some K14m a year.

In the end, the strategy is clear: there is no alternative: agriculture must be the answer, agricultural production must be diversified, agricultural exports must carry the burden of development. There is no alternative: and there's nothing new in that.



MALAWI DEVELOPMENT PROGRAMME, 1981/2-1985/6

GDP by industrial origin

% of GDP in:	1973-8	1979	1980	1981	1985
Agriculture	45.3	43.3	43.4	43.9	42.2
Manufacturing	12.1	12.5	12.9	13.4	16.1
Building	4.9	5.5	5.1	4.6	4.8
Electricity and water	1.4	1.4	1.6	1.5	1.9
Public administration	12.1	11.9	12.0	13.3	11.6
All others	24.2	25.3	26.2	25.3	23.2

Sector Shares of Expenditure in Development Account

%	Average 74-79	79/80	80/81	81/82	Average 81/86
Agriculture	19.4	15.7	18.9	26.4	31.1
Social services	6.3	6.3	8.4	15.0	15.2
Transport, com'cations	30.0	24.6	38.9	33.2	27.4
Government buildings	9.4	21.2	16.4	5.5	5.4
Water	2.4	5.6	5.9	6.7	7.2
Power	3.5	7.6	7.4	2.2	3.7
Finance, Commerce and Industry	1.1	1.5	0.8	3.0	3.2
Others	5.9	7.8	3.5	3.0	9.5

Source: Economic Planning Division, Office of the President and Cabinet

There are no signs yet that Malawi has significant mineral resources, but the search goes on. Here a geological field party clears the way for its Land-Rover through an overgrown stretch of track

EXPORTS BY MAIN COMMODITIES

(Figures to the nearest kwacha million)

	1976	1977	1978	1979	1980
Tobacco	65	86	86	104	105
Sugar	23	15	12	20	36
Tea	26	42	29	31	30
Groundnuts	11	9	5	8	16
Rice	2	3	2	2	3
Cotton	2	2	1	2	5
Pulses	2	3	2	2	—
Others, including manuf. goods	10	12	12	15	31
Total domestic exports	141	172	149	185	226
Re-exports	11	8	7	5	13
Total exports	152	180	156	190	239

Source: Malawi Government Economic Report 1981

A new mood of realism

CONTINUED FROM PREVIOUS PAGE

The trade deficit had slipped, from K37m in 1976 to K136m in 1979: the Terms of Trade Index fell from its 1970 base of 100 to 66 to 1979. In the latter months of 1979, the IMF came in with a Standby Credit of SDRs 50m for the financial years 1980-82, in response to a Malawi Government credit squeeze (this standby credit was briefly frozen at the end of last year when there were signs of slippage).

The World Bank thereupon negotiated a Structural Adjustment Loan at the end of last year—but there was a long list of "components" of conditions required of the Government. In the words of a senior Malawian, "The World Bank doesn't give money for nothing." The first tranche of U.S.$25m came in mid-1981 (for "essential imports") and the second tranche of $20m, it was made clear, was dependent on performance after a "review of progress." A Bank team arrived in Lilongwe last month to do this.

Significantly, the World Bank economic survey of Malawi was titled "Growth and Structural Change"—the emphasis is on the latter. The Bank was and is worried about the need to diversify exports, the development of manpower skills, and the need to improve management of public sector resources, especially in the public corporations.

Concern about inefficiency of the parastatals caused Dr Banda to dismiss a string of chairmen and senior managers in early 1980. The purge co-incided with the removal of Mr Gwanda Chakuamba Phiri (the powerful Youth Minister and head of the bankrupt Spearhead group), who was later sentenced to 22 years' imprisonment for sedition.

It was also made clear that extravagance was out, and this seems to have reached into the President's own domain. Thus, there has been a brake on the more obviously prestige projects (e.g. work on State House in Lilongwe has slowed, but the Kamuzu International Airport, and even the Kamuzu Academy, have been finished).

It is too soon to be sure but the blitz seems to be sustained and the dialogue between the Malawi Government and the aid donors is on all sides described as "constructive."

A Department of Statutory Bodies, has been set up which promises to exercise an unprecedented watch on the spending of the parastatals. More delicately, consultants are said to be looking at Press (Holdings), the country's major private company, which is not technically a statutory body but 90 per cent of whose shares are said to be held by Dr Banda as "trustee for the nation."

This is, to put it diplomatically, an unusual arrangement and it is widel yagreed that the role of Press in Malawi needs to be clarified since the company has a dominant position in the country's commercial and industrial sector—for instance, the accounts of the major agricultural statutory body, ADMARC, show an unsecured loan of K26m to Press (Holdings).

It is difficult for the observer to assess the gravity of the crisis of 1979-81 because Dr Banda's role defies comparison with any other living world leader. He does not just dominate national affairs, he is the Malawi nation, he personifies it in a manner which he presumably planned from the time he returned from lifelong absence in 1958 and took just six year (including a year in a Rhodesian jail) to take independence.

The style of his Life Presidency is undeniably uncongenial to Western eyes — the adulation of "Ngwazi" (literally, it means conqueror, or champion) is constant and overwhelming in its sycophancy, human rights do not figure large and there is small evidence of national debate. He is also old (officially 75, but widely believed to be nearer 80 although still apparently healthy) and there is no evident successor. (The young and able Aleke Banda—no relation—thought he was, and now languishes in some form of house restraint.)

It does not follow, though, that there will be trouble when Dr Banda goes: on the contrary. The four dissident organisations have failed in all attempts to join forces. They include the Socialist League of Malawi (Lesoma) whose leader, Dr Attati Mphakati, lost his hands a few years ago when he opened a parcel bomb: the Malawi Freedom Movement (Mafremo) led by Mr Orton Chirwa, the ex-Justice Minister, who broke with Dr Banda in 1964; the Congress for the Second Republic (CSR) of Mr Kanyama Chiume, the former Minister of Education, and the Peoples Democratic Party (PDP) founded by Mr Henry Chipembere, who attempted a coup in 1964 and died in America in 1975.

It is impossible to gauge the strength of these dissident movements. The Government is at present campaigning publicly against what Ministers call the "confusionists" of Lesoma (which says it has a military wing, the People's Liberation Army of Malawi). There is, to the visitor, no sign of military opposition inside the country. An attempt of the opposition groups to unite was recently reported to have broken down.

This is another area where SADCC is relevant. The opposition groups are, of course, in exile: Tanzania, Mozambique and Zimbabwe have all been reported to have given shelter if not bases. But SADCC leaders give the impression they have decided that, after the Zimbabwe war, it is time for a period of peace, consolidation and—hence the SADCC grouping—a time of co-ordinated development. There is no great wish, for the time being, to feud among themselves, or encourage the ANC assault on South Africa, or to harbour each others dissidents.

The conservative Malawi and the radical Mozambique only opened diplomatic relations in July and have not yet set up embassies; it is only recently that the relationship between Dr Banda and Zimbabwe's Mr Mugabe has relaxed (Dr Banda was never a Zanu-PF enthusiast). This month, however, there is no reason why the embraces should not be cordial enough—or at least, cordial enough for the work in hand.

There are areas of disagreement within SADCC. These are very early days. Most of the Nine are fearful that South Africa is bent on "destabilising" their countries, and convinced that Pretoria is doing precisely that. No one has yet suggested that Pretoria is destabilising Malawi; the relationship is such that it would manifestly not wish to. Which does not mean that Malawi should any longer be described as a client of South Africa.

MALAWI III

Dr Banda, the Life President, joins dancers during celebrations in Malawi's new capital, Lilongwe

President's unrivalled style

IT IS nothing short of extraordinary that an elderly gentleman who spent 40 years out of the country (many of them as a family doctor in North Shields and Kilburn) should, for the past 23 years, have ruled the Malawi people by means of a personality cult which is without rival anywhere in the world.

Dr Banda—or rather, His Excellency the Life President, Ngwazi Dr H. Kamzu Banda, as he is constantly referred to inside the borders of Malawi—has cultivated and famously achieved a status among the Malawi peasantry which (if it were not blasphemous for an Elder of the Church of Scotland) verges on the divine.

The biography is well known, though Dr Banda is careful to keep the details vague (the only substantial book about him has been banned in Malawi). He is said to have been born in 1906, in the Kasungu district in the north—many observers believe he is some years older.

He walked south at 12 or 13 in search of education; stopped off in Rhodesia where he decided to be a doctor; went on to work on the Rand goldmines; managed eventually to reach the US where he took various university degrees.

In due course, he moved back to Scotland and became a doctor. He practised in Liverpool, North Shields, London, and eventually, after disagreeing with the Labour Party's support for the Central African Federation, took himself in the mid-fifties to Ghana whose leader, Kwame Nkrumah, had been a friend and patient.

Over all these years, Dr Banda kept in touch with Nyasaland affairs. On July 6, 1958—it has become a famous day in Malawi—he returned home. He led the campaign against the Federation, went to jail in Gwelo for a year and emerged with the help of Devlin, Monckton and Ian Macleod to the overthrow of Federation (December 1963) and full Malawi independence in July 1964.

Malawi became a Republic in 1966 and Dr Banda accepted the post of Life President in 1971.

Since then, he has chosen to use his own personality—that of the "saviour" who returned, at great self-sacrifice, in response to the pleas of his people—in order to build a Malawi nation. This is, of course, a simple society: more than four-fifths of the population are peasant farmers (in 1980 there were only 360,000 in paid employment out of a population of 6m—i.e. 6 per cent—and more than half of these were in the agriculture, forestry and fishing sectors.

One-party state

It was necessary, after independence and after the break-up of the Federation, to rally the people if there was to be any hope of sustained development. The emphasis then, as today, was on the farmer: for example, "prepare your gardens before the rains," everyone has been told at every possible opportunity this last month. When the Ngwazi (literally, conqueror or champion) endorses that exhortation, the ordinary Malawian obeys—or so it would seem from the achievement in the smallholder sector.

It is possible, then, to see how Dr Banda worked out a strategy with the intention of galvanising a nation that was under endowed in resources. It is, of course, a one-party state and everyone has to be a member and pay his dues.

The party convention is actually called the "first parliament," though these days its main aim appears to be to reinforce the cult of the Life President. Parliament sits in Zomba and has not yet moved to Lilongwe. As adjuncts to the party there are the 20,000-strong Youth League and its Young Pioneers, and—one of the most remarkable aspects of Dr Banda's political style—his Women's League. They represent Women's Liberation, African style.

One of the most splendid sights in Malawi today is that of the *Mbumba*—Malawi ladies swathed in brilliant dresses and turbans in designs featuring Dr Banda's portrait. Their role, again, is to inspire national enthusiasm. The ladies come from all the villages (and are thus a good source of both information and exhortation on behalf of the Government), and above all they *dance*—Dr Banda urged the revival of the traditional national dances.

Dr Banda's style of Government therefore has a number of well-rehearsed themes, all designed to help him be seen as the personification of the Malawi nation. Obviously, he uses these to a deliberate end. They include his appearance—he is by now famous even outside his own frontiers for his style as a respectable GP, with his black Homburg hat, his dark three-piece Western suit, his walking stick, dark glasses and, most important, his fly whisk.

He travels in the country in an entourage which emphasises the dignity of the Chief, as well as the fears of the security men (when a visitor hires a car he has to sign a document promising to pull out of the Presidential way).

When Dr Banda arrives at a rally he is greeted by his *mbumba*, but then he speaks in English, which is translated into *Chichewa* for the crowd (the Governor of the Reserve Bank, Mr John Tembo, is the principal interpreter, and has been known to be corrected by *the President in a choice of phrase*).

Wherever he goes at home or abroad, his speeches are reported in an adulatory style by the local press. He lives in style, but not with any gross ostentation. His speeches still refer constantly to the sacrifice he made in returning to save the country, and every public *activity is oiled with effusions* of gratitude for his return, coupled with prayers for long life, and so on.

The prayers seem to have some effect, for Dr Banda remains remarkably healthy, by all accounts, and very much in control of the system he has created. In his absence, no major decisions can be taken.

Constant adulation for 20 years must, of course, have its perils for any man, and it is not surprising that Dr Banda's dominance since indepence has had its illiberal aspects. Opposition is not tolerated. Political prisoners were released in large numbers in 1977 after international protests, and there are not thought to be very many prisoners at the moment.

Malawi's press is slavish. Censorship of publications is of a degree of puritanical zeal that makes South Africa seem permissive.

A similar puritanism has entered public life. It is well-known abroad that the government will not tolerate long hair on men and bare knees or trousers on women. There is no television (Dr Banda has the only set, which he plugs into his new Earth Satellite Station).

Dr Banda's personal ownership of all the shares in the country's biggest company, Press (Holdings), has been mentioned elsewhere. He holds these shares at trustee for the nation. The new Kamuzu Academy for bright scholars cost about K15m and was said to be a personal donation to the nation by the Life President from his own funds.

All this is evidently designed—and has been cleverly sustained—to maximise the power *of the "Ngwazi" to mobilise the* resources and enthusiasm of the six million Malawis. There are some of those six million who object, of course, but either they are ineffective at home or they prefer to live abroad.

It is a style of leadership which will leave a problem for the successors. No-one can hope to replace Dr Banda: he will *leave a vacuum rather than* a political system. He is, literally, irreplaceable, and opinion will always differ about whether or not that is a bad thing.

New capital is taking shape

TWO HUNDRED miles north of the commercial quarters of Blantyre-Limbe, far up the road past the colonial mountain town of Zomba, a new city has taken shape in the bush of the Central Province.

Lilongwe, Dr Banda's capital city, is now as near finished as makes no difference. The President announced the project in 1965. Today, with South Africa's help, he has a garden-city packed with trees and flowers; it looks good; his critics concede that he may have been right.

For years it had been agreed that Zomba, for all its stunning site in the Shire Highlands could not remain the national capital; a cyclone in 1946 merely confirmed this view, though nothing was to happen throughout Nyasaland's remaining days as the Cinderella of British Central Africa.

The obvious choice for capital city was Blantyre. Dr Banda insisted on a fresh look and Lilongwe—an obscure small town in the undeveloped north—was chosen. There remained a question about the urgency of such a project at a time when the development needs of the newly-independent country were emphasising transport, communications and farming.

Lilongwe won, not because a prestige city *à la Canberra* was required, but because decentralisation was essential and the building of a growth point in the Central Region would do more than anything else to stimulate development in the North and Centre.

Still, there were critics (including the commercial sector of the country, which was reluctant to move from Blantyre-Limbe) and it was fortunate that at this time the South African Government was becoming interested in promoting a relationship with a new Black state whose leader was a self-proclaimed realist who believed in admitting the economic reality facts of South Africa's role in the region.

The upshot was that in 1968 the South African Government announced a low-interest loan to build the capital. It was the beginning of a long relationship involving South African companies, as well as finance. The South African flag flies today outside the embassy which is the Republic's only official embassy in Black Africa.

Three miles to the north of the embassy—next to the new rail-line — South African builders are just finishing (with the help of South African finance *and aid) an enormous* 180,000-ton silo for Admarc, the agricultural parastatal.

Building of the new city began in 1969; the first Ministries moved up from Zomba and Blantyre in 1972. Zomba today has become a relaxed university town and only a couple of the Blantyre Departments are still to move north.

The great majority of the civil servants and diplomats have settled into the new capital and the next milestone will be the opening of the new Kamuzu International Airport, some time in the next six months, with its associated Air Malawi and Customs and Immigration staff (this has been an area of problem and delay, thanks to a shortage of appropriate housing in the airport area).

The only noteworthy absentees are now—interestingly enough—the Malawi Parliament and the High Court. It looks as if recent financial restraints have delayed their move indefinitely; it is also interesting that the President's State House is not yet finished.

On the other hand, a priority that has been maintained has been the Lilongwe rail-link to the Zambian border, which has just been finished, thus—with the airport—making the capital a focal point of the country's communications system.

It is on the basis of this infrastructure that Lilongwe is intended to be the growth point that will direct the country's economic development away *from its previous emphasis on* the Southern Region.

Nevertheless, Lilongwe now looks reasonably finished—there are, of course, large open spaces, but it is possible for the visitor to sense how the city will eventually look. The official population is 123,000 (from the 1977 census) but this must have increased sharply. Squatting and shanties are not a major problem; the projection is for a population of 500,000 by the end of the century.

The planners started off with an "Old Lilongwe" of 20,000 and a beautiful expanse of bush which included a Forest Reserve. No one would deny that they have done wonders with keeping the "bush"—it is very much a garden city. The main complaints are that the water supply is inadequate, not *because the water is not available* but because the pumping and treatment facilities have been overstretched, particularly by the arrival of a large tobacco treatment industry (it should be all right by 1983) and that the in-city public transport is not good enough.

CONGRESS RESOLUTIONS

THE FLAVOUR of political life in Malawi today is illustrated by the resolutions passed at the annual convention of the ruling Malawi Congress Party (of which all Malawi citizens are required to be members). The convention was held in Zomba in September, 1981.

The first 10 resolutions *can be summarised as follows:*

1. Congratulations to H. E. the Life President, Ngwazi Dr H. Kamuzu Banda "for the courageous decision he made to return home at the call of the entire Malawi nation to lead the fight against the federation . . . the delegates recognise that the foundation of the country's prosperity is His Excellency's love for his people which forced his return home despite threats to his own life," (i.e. a referencee to 1958).

2—"Profound gratitude to HE the Life President" for approving the results of the 1981 party elections.

3—Congratulations to HE the Life President "for the law *and order, peace and calm,* that continue to prevail in the country."

4—"Appreciation and gratitude to HE the Life President" for transforming the lives of ordinary people, eg the "personal legacy" of Kamuzu Academy, eg the country's self-sufficiency in food.

5—Wholehearted thanks for HE's untiring efforts and teaching by word and example *in agriculture.*

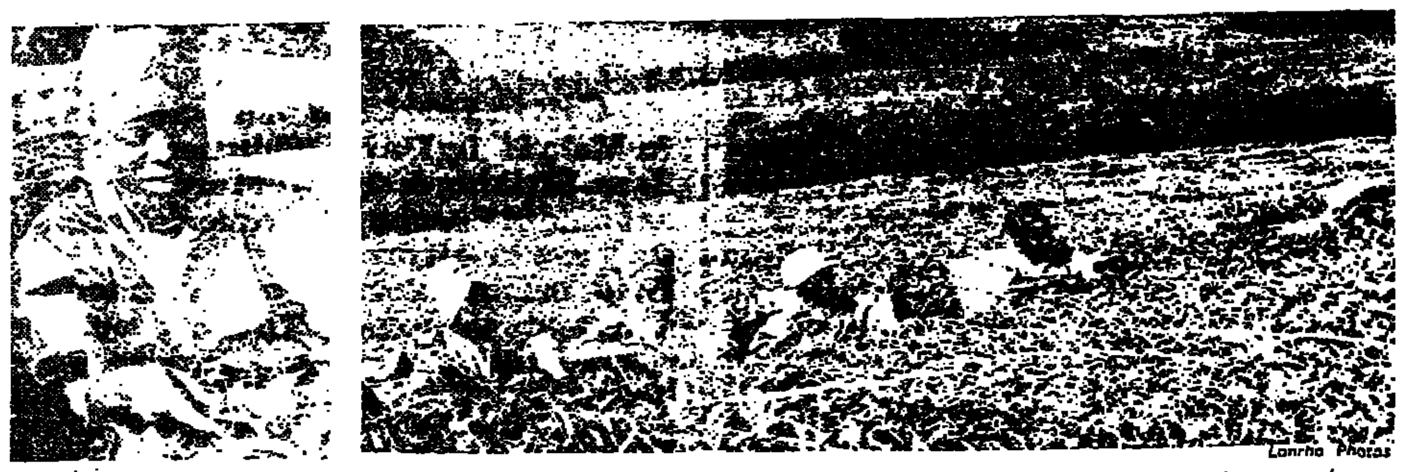
6—Tribute to HE the Life President for the development of estate farming.

7—Gratitude to HE the Life President for his teaching about the importance of trees.

8—Sincere gratitude to HE the Life President for "his love and interest to raise the status of his Mbumba" (Malawi ladies).

9—Pledge to redouble efforts to ensure every indigenous Malawi renews his party membership.

10—"Applaud and congratulate HE the Life President's wisdom and courage in pioneering the policy of contact and dialogue as opposed *to that of boycott and isolation* in solving the problems of Southern Africa, etc."



Most of Malawi's 6m people are engaged in agriculture—tobacco, sugar and tea are the main exports. Above: workers on the Central Africa Company's tea estates

Agricultural products are the main foreign exchange earners

"AGRICULTURE is the mainstay of the economy and will continue to be the chief support of more than 85 per cent of the population even though its proportional share in GDP is declining as industry develops more rapidly. Agricultural products are the chief foreign exchange earners, both in raw form and as inputs to agro-industrial products. Smallholder agricultural accounts for over 85 per cent of all agricultural production and feeds the country, also producing some surplus for export and domestic industry. The remaining 15 per cent of total agricultural production is produced on large commercial estates. Growing chiefly tobacco, tea and sugar, the estates produce nearly 70 per cent of all agricultural exports."

* * *

This excerpt from a recent document of the Government Economic Planning Division is an excellent summary of the role of agriculture in Malawi's economy. It leaves out only two important points.

The first is that for years everyone who has ever taken an interest in Malawi has been warning that the country's reliance on literally a couple of cash crops is extremely dangerous and that diversification is an imperative. Yet for all the efforts of the planners and all the enthusiasm for a sequence of new crops, the situation never seems to change very much.

The second point is that after a couple of difficult years Malawi has been having a very good year and that the 1981 statistics promise to make happy reading.

The division between the estate and the smallholder sectors is fundamental: the efforts of the Government since independence have naturally been directed at the smallholders—Malawi is a nation of peasant farmers. This is not going to change for many years to come, the commercial sector can look after itself, especially under a Government which believes in keeping wages low.

The main vehicle for the Government's support for the smallholder has been the National Rural Development Programme which divides the country into eight divisions and aims to raise production levels, improve efficiency, provide inputs and services, and so on.

The "right arm" of this programme has been the country's principal statutory body, the Agricultural Development and Marketing Corporation (ADMARC). As the title suggests—although the emphasis is reversed—ADMARC's role is to look after the small farmer by marketing those of his crops that he wishes to release.

To this end, ADMARC runs more than 300 "market points," either permanent or seasonal, throughout the country, to which the peasant can take his crop, have it classified and weighted, and receive immediate cash payment at the price that has previously been announced and guaranteed.

ADMARC's services to the smallholder also include subsidising fertilisers (in 1980, it was buying at K10 a bag and distributed at K7) seed production at subsidised prices and a major participation in the production processes such as cotton ginneries or groundnut factories.

Not surprisingly, ADMARC has become a major investor throughout the economy, its accounts now revealing "Investments and Loans" of K60m in every conceivable Malawi enterprise.

There is also an ADMARC development division whose projects range from tobacco estates to poultry and sheep farming, cashew and tung estates and a horticulture section, not to speak of a canning enterprise.

However, ADMARC, which used to be a useful cash generator for the Government, has shown a loss over the past two years — K6m this year, partly because it was decided to pay a 15 per cent bonus to the tobacco producers. In this respect, ADMARC will probably not be untouched by the general inquest into the operation of the Statutory Bodies, which is now going on.

ADMARC obviously has an intensely "political" role to play in view of its role in pricing policy, as well as its decisive weight in the direction of economic policy.

In its most recent and dramatic move, the organisation has awarded a sharp increase in its maize price, from 6.6 tambala a kilo to 11 tambala, or almost double. Coming on top of the excellent harvest, the price rise seems certain to produce a further increase in output, which could mean a substantial maize surplus in the coming year.

The extent of the improvement in Malawi's agricultural sector over the past 18 months, after the drought of 1979-80, is best seen sector by sector.

MAIZE: It is clear that this year is a bumper crop for Malawi as for Zimbabwe. Only about one-tenth of the total crop comes to market since it is of course the basic subsistence food and is kept in the villages. (On the assumption that the total crop is 1.8m tons plus, ADMARC has just completed a gigantic new silo complex at Lilongwe with a capacity of 180,000 tons, built with South Africa's help.)

It is official policy to foster self-sufficiency in maize and not to export—at least, presumably until the silos are full. The scale of this year's harvest is demonstrated by the fact that by mid-September ADMARC had already bought up 125,000 tonnes, in comparison with the total 1980 crop of 92,000 tonnes.

TOBACCO: If maize is the subsistence food, tobacco is the all-important export-earner and it continues to dominate the trade returns (in 1980, tobacco represented K105m out of total domestic exports of K226m! This is where the economists start to warn about the "vulnerability" of the economy). 1981 looks like having been an extremely good year, notwithstanding the return of Zimbabwe to the world markets. The champion of the hour was the burley tobacco crop.

Malawi's tobacco industry is divided in two parts. The estates grow most of the flue-cured and burley, while fire-cured, sun-air cured and oriental are reserved for the smallholders. Prices this year have been generally very good and preliminary figures suggest that despite a slight fall in production (except for burley), the value of the crop will be a record K93m compared with K50m in the same category last year.

SUGAR: Sugar has been the success of recent years and has now overtaken tea in the export-earnings' league. Now that the Dwangwa estates are operating fully, production has jumped from 86,600 tons in 1977 to 147,000 tons in 1980 and the forecast for this year is 165,000 tons. The sugar estates also promise to help the country's fuel crisis because the molasses will be used for ethanol.

TEA: 1980 was not a good year, but there promises to have been a recovery in 1981, though the world price is weak and much depends on quality. Again there is a distinction to be made between the commercial estates and the smallholders. The Smallhoulder Tea Authority is a statutory body responsible for extending the growing of tea by indigenous Malawians.

GROUNDNUTS: This has been a steadily growing sector but 1981 looks likely to be a bad year, thanks to the weather. Only 18,000 tonnes had been bought by ADMARC by mid-September compared with the 1980 total of 31,300 tonnes.

These four commodities dominate the trade statistics. Hopes for the diversification programme include the following:

Big increase

RICE: Thanks partly to Taiwan Government experts, production has quadrupled in 15 years, but the problem is that the farmers prefer to grow the local variety, rather than the Blue Bonnet strain which Admarc needs for the export markets.

COTTON: Output is holding fairly steady but there are arguments about pricing policy.

COFFEE, pulses, wheat, cassava, beans, sorghum, even fruit, are all being pushed by the officials and agronomists. More planning effort is going into agro-industries, nutrition, land-use studies and rural industry (eg tiles or crafts). Forests and fisheries have now become a separate Ministry to emphasise their importance.

In the wider perspective of the 17 years since independence, Malawi's agricultural effort has been undeniably impressive. The constant exhortations of the Government to its peasant population have had their impact (the contrast with some neighbouring countries tells its own tale).

Yet in the longer term, the proud boast of food self-sufficiency may be in jeopardy. The population is growin gat 2.6 per cent per year; only 38 per cent of the land area is cultivable.

As the Economic Planning Division has recently warned: "Over the '70s, increases in food production were achieved mainly through expanding the area under cultivation. This will no longer be a practical possibility by 1982. . ."

DEVELOPMENT EXPENDITURE

Figures in kwacha millions

Main heads	1979-80	1980-81 Budget	1980-81 Revised	1981-82 Budget
Agriculture & nat. resources	20.20	30.12	29.95	39.57
Agriculture	15.10	17.74	19.09	23.39
Forestry and game	3.11	6.12	4.93	7.36
Veterinary services	1.59	5.28	4.51	5.82
Surveys and lands	0.12	0.12	0.09	0.10
Fisheries	0.28	0.86	0.63	0.90
Social services	7.83	13.42	10.75	25.97
Education	5.11	7.85	7.36	21.55
Health	2.73	5.25	3.39	3.73
Community & social dev.	0.01	0.32	—	0.69
Transport & communications	44.32	61.86	72.23	51.19
Transportation	41.23	60.53	70.20	47.98
Posts & telecommunicat'ns	3.09	1.33	2.03	3.21
Other services	55.57	53.76	53.35	39.26
New capital city	0.55	0.51	—	—
Power	7.60	11.81	71.17	5.64
Government buildings	32.39	26.17	27.07	3.63
Housing	1.59	1.70	3.32	1.96
Water and sanitation	6.12	9.35	8.12	12.52
Finance, cmmrce. & indust.	2.39	0.47	0.16	5.12
Works organisation	—	0.08	—	—
Miscellaneous	4.93	3.67	3.51	4.39
Total	127.94	159.16	165.55	155.99

Source: Ministry of Finance

Plans to encourage more small-scale industrial projects

IF INDUSTRY in Malawi is pretty small beer, the explanation is obvious. The market is small; non-agricultural resources are scarce; manpower is unskilled; and the remote and landlocked situation makes it expensive both to import materials and to export finished products.

The record of industrial development in the 1970s was patchy. The export achievement was undoubtedly disappointing with the planners' expectation of a ten-fold real increase in manufactured exports for the decade coming out at an actual increase of only 80 per cent. In 1980, the "Manufactured and Mining" contribution to GDP was only 12.9 per cent.

Plans for the 1980s are realistically modest and focus, sensibly enough, on import substitution projects and agro-industries. Plans have been laid for the development of small-scale industry as well as a number of bigger projects.

Guidelines

The framework is likely to be an Industrial Development Programme for 1982-86 which has been prepared with help from the UN Industrial Development Organisation (UNIDO). Guidelines were laid down in 1980, sector programmes were worked through in 1981, and the result will shortly be put up to Government and Cabinet for implementation from next year.

Meanwhile, in the small-scale sector, a Small Enterprises Development Organisation of Malawi (SEDOM) is expected to be in operation by early 1982, initially funded by the European Development Fund for K3.3m.

One objective would be to set up industrial estates on which small entrepreneurs could be trained, some of whom would then be able to return to their rural areas. Again, it is small stuff — only nine Malawian entrepreneurs registered new operations under the Small-Scale Industrial Section of the Ministry in 1980 and four in the first six months of 1981.

This same reminder about the comparative scale of Malawian industrialisation is shown in the official report that in 1980 13 industrial licences were granted, bring a total investment of K1.43m and creating just 289 jobs. (In the first six months of this year, 11 industriel licences were granted.)

But there are a number of bigger projects of greater interest in the pipeline. The first is the Ethanol Project. Malawi has suffered particularly badly from the rise in energy prices, and has consequently made energy substitution a main priority (an embryo Department of Energy has been formed, at present under the wing of the Office of the President and Cabinet in Lilongwe).

The proposal is to take sugar molasses from the thriving Dwangwa sugar estates to blend the ethanol with petrol (to a limit of 15 per cent). Dwangwa can supply at most 24,000 tons of molasses a year, but since one ton of molasses produces 270 litres of ethanol it has been calculated that the project could produce 7.5m litres and meet 15 per cent of the country's fuel needs.

Completion is planned for early 1982. Total cost is K8.9m and the principal shareholders are the State oil company, Indebank and the German development corporation. Loan finance comes prncipally from Indebank, the IFC and the South African IDC (which has put up 26.3 per cent). One attraction of the scheme is that in addition to molasses it would be possible to employ cassava, maize, sorghum and other agricultural products.

The second, and more important, scheme is for a K90m project which would manufacture nitrogenous fertiliser by using off-peak power from the Shire River power installations and the water electrolysis system. Capacity would be 92,400 tons of ammonium nitrate for the domestic market; the scheme is at the technical and tender stage.

There are also hopes for a major cement project, to meet the local shortage, but a decision has yet to be taken about the best site. In addition, UNIDO has been investigating a local glass industry; the feasibility study is complete, envisaging a K6m project and foreign investment is currently being sought. Plans are also being drawn up for a signaficant expansion by the David Whitehead textile operation.

Incentives

The biggest disappointment of the industrialists in recent years has been the admission that the ambitious 180,000-ton export-directed pulp and paper project at Viphya would have been uneconomic. There is, instead, a holding sheme for a 50,000-ton project geared to the local market, but it is too soon to know whether it will prove viable.

There are various incentives available to ne winvestors and enterprises. The Government's role, however, is represented principally through the statutory bodies, particularly the Malawi Development Corporation, ADMARC (the agricultural marketing body), the Import and Export Company of Malawi (IMEXCO) and the Investment and Development Bank (INDEBANK) which is owned by ADMARC and by the British, Dutch and German development corporations and the IFC.

Press (Holdings) is not, strictly speaking, a parastatal since it is private company "of which the shares are held in trust by the President for the people of Malawi." It has a pivotal role in Malawi industry and commerce.

In the words of an official document, "These interlocking organisations have a considerable impact on industrial development through equity participation in enterprises, lending, and influence in the selection of projects and licensing decisions."

Increasing emphasis on regional development

THROUGHOUT THE 1970s, the leaders of Central Africa were pre-occupied by the consequences and ramifications of the civil war in Rhodesia.

Now, with the independence of Zimbabwe, the emphasis has swung from war to peace; the priority of the 1980s is going to be not so much a violent confrontation with White South Africa as the economic development of the region north of the Limpopo.

The focus of this joint effort looks likely to be the Southern African Development Co-ordination Conference, or SADCC (invariably pronounced "sadec"). Founded in 1979, it has nine member governments — Zimbabwe, Zambia, Malawi, Angola, Mozambique, Tanzania, Botswana, Lesotho and Swaziland—and it will hold its next summit meeting on November 19 and 20 in Blantyre.

There are unlikely to be any great surprises: SADCC's new style does not require drama or rhetoric. There will be a review of developments in the priority area, transport (where SADCC has a Southern African Transport and Communications Commission — SATCC), and then a consideration of the sector-by-sector papers that have been prepared by the various governments.

Dr Banda: still very much in control of the system he has created.

The aid donors will be represented by a good number of high level observer-guests, but this is not intended as a pledging meeting.

Although the emphasis has long been on the co-ordination of regional development—"the joint effort to achieve together what we cannot achieve separately," as one official puts it—there has inevitably been speculation that SADCC is an "anti-South African" organisation. This rather misses the point.

The leaders of the SADCC member states are, of course, enemies of the South African system (some more so than others). They are also realists and they are not, in this context, seeking a confrontation with Pretoria.

Whatever they may feel the need to say in political speeches, they are aware that it will take years to wittle away the heavy dependence of their own national economies on South Africa.

They do not today deny that most of them depend on the Republic's infrastructure and that many of them still have South Africa as a principal trading partner. Some of them also rely on the South African labour market (it is interesting in this context to note that Dr Banda has dramatically cut back the number of Malawians who go to work on the Rand: in 1973, 123,000 were under contract to the South African mines; today the figure is less than 18,000, with remittances running at some K14m a year. There may be a moral for SADCC in this.

The nuisance about SADCC, from Pretoria's point of view, is that it must have scuppered any prospect that any of the independent Black governments of Southern Africa would join Prime Minister P. W. Botha's cherished project for a "Constellation of States."

The charm of this plan, to Mr Botha, was that it offered a way of giving respectability, and some sense of recognition to the Bantustan states inside the Republic since these Homelands were to be founder members. The Constellation will probably go ahead, but in a truncated form, while the "Counter-Constellation" of SADCC will go its own way, up north.

What this comes down to is that the very existence of SADCC, however young and unformed, has blocked South Africa's desire to find a structure which would reflect the influence of its economy north of the Limpopo. The success or failure of SADCC is correspondingly important. It is far too soon for that to be judged.

The first meeting of the group, known as SADCC-1, was held in Arusha, Tanzania, in July, 1979. This was followed in April 1980 in Zambia where the Lusaka Declaration was issued — "Southern Africa: Towards Economic Liberation." This laid down the basic policy! member states committed themselves to work together and gradually to reduce their dependence on South Africa, with the twin objectives of accelerated economic development and regional self-reliance.

A Programme of Action allocated a number of sectoral responsibilities to the different governments. Thus, Mozambique was to establish a regional Commission for transport and communications; Botswana to look into regional control of foot-and-mouth and semi-arid agriculture; Zimbabwe to prepare a Food Security Plan; Swaziland to assess training facilities; Tanzania to take harmonisation of industry in the region; Zambia to study a regional Development Fund; Angola to prepare a regional energy policy.

Everyone, in fact, appreciated that the priority was to be in the transport field, if only because many member states felt excessively dependent on communications via South Africa and some of them were severely embarrassed by the inadequacies of the alternative routes through Mozambique.

This was undoubtedly the most critical area for Malawi, whose economy had been badly hit by derailments, congestion and sheer inefficiency on the Mozambique lines in 1979—resulting in severe petrol shortages for many weeks, and lengthy delays in export deliveries.

The SATCC has therefore been responsible for most of the concrete progress of the past two years.

Staffed with experts and with help from the UNDP, the ADB, Scandinavia and Australia, it prepared no less than 97 projects with a total value of $1,912m. These were put up to SADCC 2, the summit meeting that was held in Maputo in November 1980 which was the all-important pledging session for the aid donor community.

Pledges totalled $652m—although most of the money was already earmarked for the region—and SADCC decided to go ahead with immediate implementation of 13 projects. These were: the Kazungula Bridge between Botswana and Zambia; regional studies on rail rolling stock, training programmes and mineral surveys; a feasibility study of electrification of the regional rail network; increases in port capacity at both Beira and Maputo; studies of the navigability of the Zambesi and Shire Rivers; microwave improvements in Botswana, Mozambique and Zimbabwe; and an Earth Station in Swaziland.

These projects were then put to the donor states and agencies. By June, 1981, at a Ministerial Meeting in Mbabane, it was reported that 22 projects were under way.

In other areas, progress has been more slow, and has not been helped by some bureaucratic delay and, for example, the language problem for Angola and Mozambique.

Each member state has been working on his allocated field. Thus, Malawi was given fishing and wild life; Lesotho and Zambia work on soil conservation and land utilisation; Botswana was deputed to produce all the foot-and-mouth vaccine for the region just as Mozambique is to look after the joint requirements of rabies vaccine; there is to be a veterinary school and a joint security printing project. Zambia has meanwhile put in a lengthy and ambitious report for a Southern African Development Fund.

However, one of the most striking things about SADCC is that the member states all seem to be anxious that it should not develop into an institution for its own sake, with a top-heavy bureaucracy—"there are too many of those already," the local officials agree.

Thus, an SADCC Secretariat is to be set up with headquarters at Gaborone in Botswana, but it is to be kept small and much of the work will continue to be done by the officials of the member states co-ordinated by the Finance Ministries.

The Secretariat is to be operational by July 1982 and will have responsibility for servicing of meetings of SADCC institutions, liaison with the specialist agencies of the group, and publications.

SADCC is undoubtedly still young enough to falter and fall apart. But the very modesty—and emphasis on the realistic and the practicable—is encouraging. The leaders meeting in Blantyre this month will be aware that the next year or two will be critical. It is a necessary new start after a generation of decolonisation, and a necessary new attempt at a regional development strategy for nine African states. And, of course, the Nine may become Ten—when Namibia eventually becomes independent.

KAMUZU INTERNATIONAL AIRPORT NOW COMPLETE

KAMUZU International Airport, just outside hte new capital city of Lilongwe, is effectively complete. There has been a delay in providing enough housing for the staff who will have to be based nearby, but it is expected that domestic flights (and international freight) will be using it by the end of this year with international passenger flights transferred there from Blantyre before the middle of 1982. The cost is estimated at K82m.

Was it necessary—or was it a "prestige project" whose funds might more profitably have been utilised elsewhere? To the advocates of decentralisation and of the opening up of the underdeveloped central and northern regions of the country, an airport was an integral part of the decision to build a new capital city at Lilongwe and so to break away from the concentration on the south (and many authorities now agree that, on balance, the decision to build Lilongwe was correct).

To the technical view, Malawi needed another airport because Blantyre was unsuitable for extension (it is surrounded by mountains: British Airways suspended its fights when the VC-10 was phased out). And, while Mr Ian Smith's Rhodesia survived, it was arguable that the Black states of the region needed a central international airport.

So Lilongwe airport was built, to high standards of equipment and passenger facilities. But who is going to use it?

Air Malawi will certainly want to transfer many of its regional international flights from Blantyre but the twin-town of Blantyre-Limbe is not going to lose its place as the commercial capital of the country.

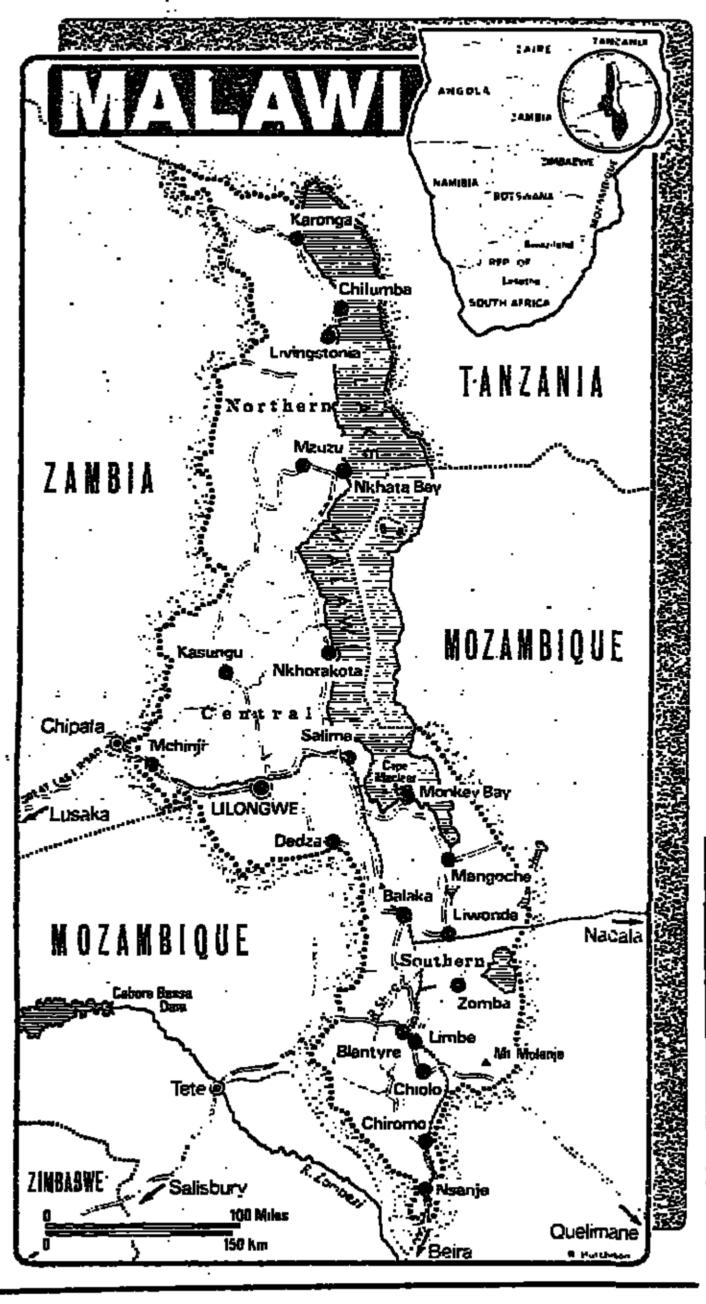
It is believed, however, that British Airways has agreed to route a flight through Lilongwe, and there are hopes that this example will be followed by another European airline.

But the plan that Lilongwe should act as the central international airport for the region has been frustrated by the independence of Zimbabwe and the decision of the Southern African Development Coordination Conference (SADCC) that Salisbury should become the hub of the group's air system.

At the same time, the second biggest of Malawi's long-running transport development projects—the extension of the line of rail from Lilongwe westwards to the Zambian border—has just been completed. The railway stops at Mchinji, on the Malawi side of the border, and there are no plans at present to extend the line through to connect with the Zambian system. Thus, goods coming from or to Zambia will have to be transhipped on to Zambia's Great East Road.

Malawi's Central Province is therefore now bisected by a rail to Salima, near the Lake, which turns south and offers two routes through Mozambiqe to the sea, one to Nacala and the other to Beira.

The conditions in these ports continue to give concern in Malawi, although businessmen believe that the situation is improving at last. Facilities, however, continue to be inadequate, especially in Nacala, and long delays are still experienced. The priority that SADCC is giving to the improvement of Mozambique's port and rail capacity is of vital importance to Malawi.



Moves to develop tourism potential

MALAWI'S PROBLEM, as a tourist industry, is that it is not big enough to go-it-alone, like Kenya, in a pitch for the European and American market. The slogan in the current brochures—"All you want to do and see in Africa"—has turned out to be wishful thinking. The answer must be some form of regional co-operation; but these are early days and the shape of the future is still clouded.

Looking on the brighter side, Malawi is beautiful—in the widest sense of the word, attractive. The landscape is African bush, the sun shines tropically, the locals (and there are hordes of people wherever you look) are friendly and forthcoming; the mountains on the horizon are high and romantic; the hotels are few but good; English is an official language; the prices are low and, above all, Lake Malawi is truly an inland sea, bright blue, complete with waves, fishermen, sand beaches, ships and distant islands. There is malaria (you take pills) but no bilharzia in the Lake and (it seems) very few crocodiles.

It adds up to a splendid holiday for a "regional" (e.g. a South African family, or an expatriate based in Zambia or Zimbabwe), but it does not bring in enough of the valuable long-haulers from Europe.

An immediate problem is the fact that you cannot fly direct to Blantyre from outside Africa but you have to transit, usually via Salisbury or Johannesburg which have their own plans for the visiting tourist. That may improve next year when the new Kamuzu International Airport, at the capital city of Lilongwe, is opened and when British Airways and probably another European airline arrive. But the truth is, in the words of an official, "We want to belong to a region."

The obvious partner would be Zimbabwe which, in Victoria Falls, has one of the world's biggest tourist attractions. Zimbabwe also has better wild life than Malawi.

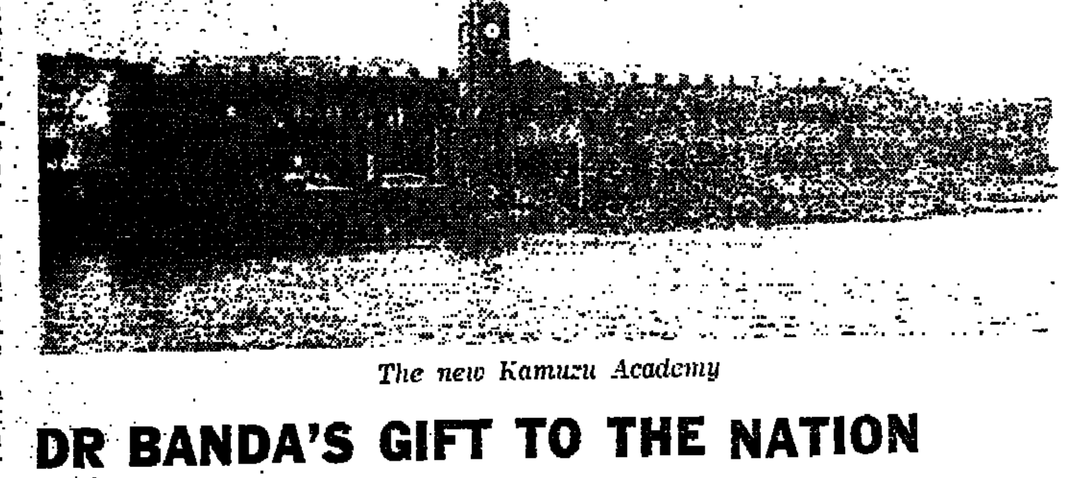
But—the officials speculate—what better after a busy week in Zimbabwe than a week of lounging on a sun-soaked beach at Lake Malawi? (Troubles never come alone—on top of the country's economic difficulties of the past few years, the Lake began to rise mysteriously, with inevitable damage to the beaches and in some cases to the hotels rooms at the water's edge. To the relief of the industry, the water now seems to be going down again, equally mysteriously.)

To help look ahead the Government called in the World Tourism Organisation (WTO) to prepare a Master Plan for the decade. This is now in process of assessment by government departments.

Recommendations included the setting up of a Tourist Development Corporation which would be able to seek foreign investment (a similar body is about to be introduced in Zimbabwe), a number of "discovery lodges" in the outer districts and mountoins, and an expansion of the hotel network, including new 220-bed hotels in both Blantyre and Lilongwe and better standard Lake-side hotels at Grand Beach (near Salima) and Cape Maclear. Work is already going on on improvements in the underdeveloped Northern Region, at Mzuzu.

This will hopefully transform the situation by the mid-eighties. Last year, Malawi could boast a total of 1,353 hotel rooms (including 122 in Government rest-houses and 124 in the Parks).

The plans anticipate adding 312 in 1981, 520 in 1982, 1,230 in 1983 (if the two big projects take off, 50 in 1984 and 200 in 1985. By that time it will be clear whether Malawi has managed to hold its own in a field dominated by Kenya and South Africa, with Zimbabwe (which is aiming for half-a-million visitors a year) moving back into gear as fast as possible after the war.



The new Kamuzu Academy

DR BANDA'S GIFT TO THE NATION

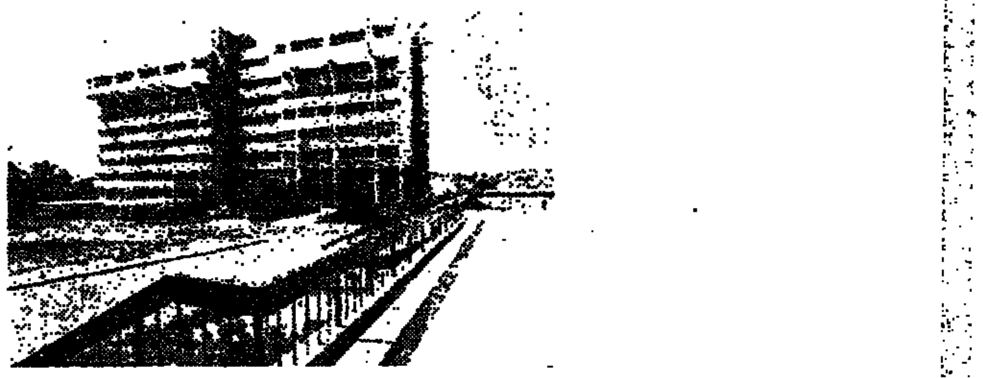
DR BANDA'S "gift to the nation" — the Kamuzu Academy — has just started its first term and will be formally opened later this month.

The idea is that Malawi's brightest boys and girls should be able to attend an elite grammar school, dedicated to the rigorous academic traditions to which the President (who had to struggle for his own education) is deeply committed. The intention is to prepare Malawi's most promising children for overseas universities.

No expense has been spared, with a language laboratory, science labs, an Olympic-scale pool, an outdoor theatre, an athletic track, and so on.

Inevitably, the Academy, which is near Kasungu, 85 miles north of Lilongwe, is seen by some as a prestige project which, at a cost of about K15m, is an unjustifiable extravagance—although it is said to have been paid for out of Dr Banda's personal funds.

The teachers have been recruited from Britain (and a primary school will cater specially for their own children). The reason for this is not merely Dr Banda's admiration for British educational standards but his insistence that Latin should figure prominently in the syllabus. It is even said that Latin will be a medium of conversation between pupils and staff—which encourages speculation that Salve Magister may yet replace a more common, and deferential, Southern African greeting . . .



A family empire seeks to overcome the effects of an eventful summer

James Buxton on Beni Immobili Italia, a dominant member of the Italian finance world

Anna Bonomi Bolchini, the driving force of the family business, resigned from the chairmanship in June: her son Carlo is now faced with a formidable task

"HOW DO you explain to a Japanese that spending four weeks in prison in Italy doesn't mean the same as it does in other countries?" That is one of the problems that Carlo Bonomi has had to cope with after a traumatic summer which saw him jailed awaiting trial, but then released and later totally absolved of charges of illegally exporting currency.

Bonomi, who is 41 and reputedly one of the richest men in Italy, is now chairman of the two financial, property and industrial groups, Beni Immobi Italia and Invest, which his family controls. They are part of that competing cluster of mainly Milanese groups which dominate the world of private Italian finance.

Last summer in Milan was turbulent even by Italian standards. Three events dominated it: the trial of the leading banker, Roberto Calvi, the scandal of the P2 Masonic Lodge, which brought down the government of Arnaldo Forlani, and the crash of the Stock Exchange. Carlo Bonomi was affected by all three.

On May 20 he was arrested at dawn, as were Calvi and eight others. The charge against Bonomi was that he had been responsible for a small part of some alleged deals whereby shares in Italian companies were sold and later repurchased at a higher price by related Swiss concerns, thus constituting a means of exporting capital. Bonomi was released when the trial began on June 15. The verdict, delivered on July 20, totally cleared him.

During the trial documents were produced which appeared to compromise Bonomi's mother, Anna Bonomi Bolchini, the 70-year-old lady who virtually created the family business. They seemed to show that Calvi had lent Sra Bonomi Lire 3bn against the security of her jewels and a pledge to stop challenging the financial interests of Calvi (the two groups had been both associates and rivals).

On June 20, after four decades of dominating the family financial empire, Bonomi's mother announced her resignation from the chairmanship of Beni Immobili Italia (BII). The following month, the trial over, Carlo Bonomi took her place and assumed full control of the group (he had been chairman of Invest since 1975).

The Calvi trial and the fall of the government helped precipitate the collapse of prices on the Milan Stock Exchange, abruptly ending the greatest boom in its history, reducing the capitalisation of the Bonomi companies (more of which, including subsidiaries, are quoted on the Bourse than those of any other private concern) and threatening their ability to raise new funds.

So Bonomi has been left with some daunting tasks: to restore the image of the family business after the adverse publicity of the trial and to assert his control over the family group now that his formidable mother has departed. He must also establish the future strategy of the multi-faceted business.

The fortunes of the Bonomi family were founded by Sra Bonomi's father, who owned acres of then undeveloped land around the main railway station in Milan. Anna Bonomi took over what was already a significant property and construction business on her father's death in 1940. It prospered in the early post-war years from reconstruction of war-damaged sites, expanding in property development as the Italian economy began to boom, and built the Pirelli skyscraper next to Milan station, symbol of the hopes of this period.

Shrewd

Anna Bonomi established her reputation as Italy's first great businesswoman, a lady of exceptional shrewdness but also, to status-conscious Milanese, something of an outsider, tougher and more forthright than most Italian businessmen would admit to being themselves.

While property remained the foundation of the group, it gradually began to diversify. In 1958 Anna Bonomi started Italy's first mail order business, Postal Markets. In 1972 the Bonomi group bought Mira Lanza, Italy's largest detergent maker, and acquired the Invest company the same year. BII, meanwhile, was gradually acquiring more small property groups.

In 1979 the Bonomis made a deal which transformed the shape of the Invest group. For L112bn Invest bought control of a finance company named Fingest, whose main interests were in insurance. Fingest had belonged to the ailing Montedison chemical concern, then selling off its more heterogeneous offshoots to raise money.

The deal made Invest probably the biggest purely private sector financial group in Italy, controlling insurance companies like Italian Assicurazioni, La Fondiaria, Lloyd Italico, and the Dominion Insurance Company in Britain. The deal was also advantageous for the large amounts of cash in Fingest's coffers.

Now the shape of the Bonomi group represents a tree with BII at the top, controlling Invest both directly and through another subsidiary, as well as having a cluster of other subsidiaries in a sub-holding. The bulk of the group's subsidiaries are controlled by Invest. BII itself is 54 per cent owned by Istituto Finanziario Nazionale, an imposing title for what is in fact the Bonomi family holding company. The group's turnover is put at L1,600bn, half of which consists of insurance premiums, and it employs 12,000 people.

Carlo Bonomi is a very different person from his mother. He sometimes looks as if he would be more at home in a club in St James's than in the intrigues of Milan high finance where rivalries, cryptic transactions and the settling of scores abound. Indeed, living part of the time in England, he belongs to a leading London club, has a house in Belgravia and speaks the English of the Shires. He usually walks with a stick (a relic of a bad accident in the sport of his younger days, offshore power boat racing) and is genial and approachable.

His arrival at the top of the family concern comes at a time when it seems to need consolidation after a period of expansion, which Carlo Bonomi, with a background in American banking and a spell teaching economic subjects at an Italian university, should be able to supply. Up to now the group has grown largely by acquisition, in the perennial Milanese struggle for economic assets less for themselves than for the power they confer. According to conventional wisdom the Bonomi group is unfashionably diversified, while BII is heavily involved in property Invest is divided between insurance (46 per cent of turnover in 1980) and a cluster of mainly diffuse industries (39 per cent), with banking, finance and other activities making up the rest.

The management structure is loose, Invest itself employs only about 20 people. The individual subsidiaries are given considerable day to day autonomy and are largely responsible for their own financing, most of them having stock exchange quotations. "The two things we control closest are their cash flow and budgeting, and their overall planning," says Carlo Bonomi. "The idea is to employ the best people and let them get on with it. If they fail we sack them. The style of management depends on one rushing from place to place to see what is going on"—a role for which he appears suited by temperament and—with a private aircraft.

He claims to have upset the rather stuffy world of the insurance companies by obliging them to produce annual budgets and balance sheet forecasts for the first time.

But Bonomi is somewhat reticent on long-term strategy. For the time being the share of industry in the portfolio will go up, thanks to the purchase, agreed in principle shortly before his arrest, of a stake in a consortium controlling Montedison—which the Government sold earlier this year. With the chemical company still doing badly and not likely to break even before 1983 Invest and the other members of the Consortium, which include Fiat and Pirelli, really participated out of a sense of duty.

In the longer term Bonomi sees the company expanding in services rather than industry: "In a country with few raw materials and bad labour relations you must do better in services." He wants to improve the service his insurance companies provide—all Italian insurance companies give poor service by international standards—and he wants to be among the first to introduce investment trusts onto the Stock Exchange when they are finally authorised by the Government.

Publicity

For the moment the Stock Exchange is a source of preoccupation for the Bonomi group: the almost stagnant market, awash with new share issues, is for the moment no longer a place where new capital can easily be raised. (An issue worth L19bn for Invest itself was 16 per cent undersubscribed last month.)

Most of the Bonomi companies stand below where they started the year, lower than the Bourse average. However, indebtedness in the group is not generally high, and BII not only has a large portfolio of property, valued, probably conservatively, at about L102bn in 1979, but also is starting to enjoy the long-awaited upturn in property development as the Italian authorities begin to loosen the controls on building that had brought construction almost to a halt.

But there is still the problem of the damage to the group's image that may have been done by the trial and the bad publicity of the summer. Carlo Bonomi's arrest was ordered by the Milan magistrates, whose political sympathies are known to be on the Left. They used the foreign exchange laws of 1976, the provisions of which are so vague and sweeping that Italian residents can be charged for doing almost anything under it—taking a good watch out of the country can constitute export of foreign currency.

The charges against Bonomi were more serious than that, but most people think the motive for the prosecution was political and that Calvi was the main target. All the documents produced showed Invest's innocence of the charges against it. This has helped the Bonomi group explain the events of the summer. Nevertheless, they show the kind of ambush Italian companies can suddenly fall into.

BOARDROOM BALLADS

THE PREYING MANTIS

Of all the businesses, by far,
Consultancy's the most bizarre!
For, to the penetrating eye,
There's no apparent reason why,
With no more assets than a pen,
This group of personable men
Can sell to clients more than twice
The same ridiculous advice:
Or find, in such a rich profusion,
Problems to fit their own solution!

*

The strategy that they pursue—
To give advice instead of do—
Keeps their fingers on the pulses
Without recourse to stomach ulcers,
And brings them monetary gain,
Without a modicum of pain.
The wretched object of their quest,
Reduced to cardiac arrest,
Is left alone to implement
The asinine report they're sent.
Meanwhile the analysts have gone
Back to client number one,
Who desperately needs their aid
To tidy up the mess they made.
And on and on—ad infinitum—
The masochistic clients invite 'em
Until the merciful reliever
Invokes the company receiver.

*

No one really seems to know
The rate at which consultants grow:
By some amoeba-like division?
Or chemo-biologic fission?
They clone themselves without an end
Along their exponential trend.

*

The paradox is each adviser,
If he makes his client wiser,
Inadvertently destroys
The basis of his future joys.
So does anybody know
Where latter-day consultants go?

Bertie Ramsbottom

NEXT WEEK: THE SALES DIRECTOR

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Extent of copyright

I am currently writing a series of articles which I hope will be published in a specialised periodical. While the basic content of these articles will be my own work, some of the content will refer to previously published articles, or data or ideas contained therein.

What steps do I take as regards the copyright of these previously published articles? Is it only necessary to acknowledge source as in a bibliography, or must I write to each magazine requesting permission?

Where is the boundary between infringement of copyright and free use of data published in a book or magazine, the material being available elsewhere and not of necessity unique? For example, if a magazine has published a map which it has obtained from other sources, depicting specialised information, has it copyright over that map, even though it was not the map's author?

Provided you do not reproduce the articles, or parts of them, verbatim, or almost so, you do not need to do more than acknowledge your sources. In the instance which you cite the copyright would remain with the cartographer, or with the first publisher of the map unless the magazine purchased the copyright instead of obtaining a licence from the copyright owner to print the map.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Management game

ENTRY LISTS will close tonight for the 1982 United Kingdom national management championship. Play is due to start later this month, and the finals will be held in mid-July. Besides the championship, there will be a "Plate" competition for teams eliminated from the main contest in the first round. Prizes will total £5,750 in money and trophies are valued at a further £1,750.

The 1982 National Management Game will be the thirteenth in the annual series sponsored by the Financial Times, ICL and the Institute of Chartered Accountants in England and Wales. The CBI and the Institute of Directors are associate sponsors.

Previous winners have been: 1970 ICFC; 1971 Rolls-Royce; 1972 Essex County Council; 1973 Norwich Union Assurance; 1974 John Clarke, playing as a private entry; 1975 Littlewoods Organisation; 1976 and 1977 Rank Xerox; 1978 Shell Oil UK; 1979 Rank Xerox; 1980 Shell Oil UK; 1981 South-east Essex Sixth-form College.

Late entries for the 1982 championship should be telephoned to Tony Etchells, administrator of the contest, at Windsor (075 35) 68181. The entry fee is £74.75 inclusive of 15 per cent VAT.

MICHAEL DIXON

THE ARTS

Television

Raking the middle ground

by CHRIS DUNKLEY

After last week's column it was almost inevitable, I suppose, that BBC2 would open a new season of "Playhouse" with a work such as *Mrs Reinhardt*. That column, you may remember, observed that the centre of gravity among programme makers appeared to be somewhat to the left of that among the population at large. Television drama in particular was identified as being more concerned with the "under privileged" minority — alcoholic one-parent families in Toxteth and the like—than with the middle class majority.

Mrs Reinhardt, which turned up two nights later, was concerned with the classic middle class theme of the poor little rich girl, fleeing from settled domesticity, getting a thrill from a rough roll in the hay (well, standing up in the shower actually, he fully clothed and she naked—Helen Mirren's breasts are as impressive, or at any rate as big, as ever) and then seeing the error of everybody's ways.

It was smoothly filmed by Piers Haggard on location in and around a number of beautiful hotels in Brittany complete with fairy tale turrets or duckpond and waterwheel yet I couldn't begin to believe a single word of it. "Word" is the important term because the acting and direction were all that could be expected in the circumstances and it was clearly the writing that was at fault.

Perhaps it worked in its original form as a short story by Edna O'Brien but on the screen, even though the author did her own adaptation, it became pure women's magazine fiction with the huge disadvantage that once the characters were embodied in real actors you could see and hear the unreality of it all.

I could not believe Mrs R. first holding hands with the wild colonial boy within seconds of meeting him and then describing him with the archaism "He's a bounder." Nor could I believe in Bad Brad The American Lad whose relationship to reality was exactly parallel to that of the bowler hatted Englishmen on American television who never say anything but "Awfly good show old chap dontcher know."

What it seems to come down to, now that the Coward/Rattigan/Maugham generation is mostly dead, is that those writing drama about the middle classes don't do it very well, and the few who can do it well—Griffiths, Hare, even perhaps Potter—are more interested (a better word might be obsessed) with the abnormal and society's failures, or with lobbying for greater egalitarianism, than with writing about the non-alcoholic two-parent families which make up such a large proportion of their audience.

The few good playwrights who do still concern themselves with that group of people don't appear to be interested in working for television any more, or only once in a blue moon; Ayckbourn, Gray and Stoppard are now all men of the live theatre once again—if they were ever anything else.

The place where you do sometimes find middle class life and attitudes being reflected is in situation comedy and it is that above all, I suspect, which explains the popularity of *To The Manor Born*. I still think that in comparison to Penelope Keith's wonderfully three dimensional Margo in *The Good Life* her Audrey Fforbes-Hamilton seems like a plywood stereotype. Moreover the habit which Miss Keith has developed of following the slighter jokes with a barking laugh to camouflage and excuse their weakness is embarrassing. Yet there is no denying the series' popularity.

The Good Life which of course did concern itself with the non-Marxist, non-homosexual, non-criminal majority was written by Bob Larbey who has now come up with *A Fine Romance* for London Weekend TV. Here again we are dealing with Acacia Avenue and Fulham rather than Gasworks Terrace and Brixton. Laura is a middle aged translator and Mike, the man with whom she is fixed up at her sister's party, is a landscape gardener. Presumably the title reveals the plot, and it is not clear yet whether it will work, but the idea of using actors as eminent as Judi Dench and Michael Williams for a sitcom is a splendid one.

(Incidentally talking of bust sizes, as we were, Susan Penhaligon was surely ill advised to play the opening scene as the younger sister in such skimpy underwear; *Bouquet Of Barbed Wire* proved that she is one of those people with an innately erotic presence. She doesn't need to take her clothes off for effect, and by doing so merely proved what a surprisingly ordinary un-Mirren like figure she has.)

Judi Dench and Michael Williams in "A Fine Romance"

And now, having harked back to last week's column, I want to return to the subject of one of last month's which was called "Nasty Old Habits Creep Back." That suggested that some recent documentaries had resumed the reprehensible practice of leaving the viewer in the dark about their makers' intentions and methods and, in particular, failing to come clean about how much of their seemingly spontaneous content was actually rigged up by the programme makers themselves.

On first consideration BBC1's *All Those Hard Luck Stories* hardly seems like a typical offender. On the contrary, it appears to be a well intentioned series which has clearly had the co-operation of Nottingham Social Services Department in its making. Its most admirable characteristic is that, so far as one can tell watching at home, producer Sally Doganis has approached the subject of social service and social workers with an open mind.

The result is that without anybody needing to articulate the notion, it raises forcefully the question of whether there is any sense in society attempting to turn compassion into a full scale business with a fee system and career structure. Can a social worker really "befriend" somebody under a Supervisory Order simply because that's what the rules require? It may not find answers, but it is quite right for the series to raise the questions.

The programmes have not been made under the strictest of verité film rules: a social worker walks into someone's house, and we watch from inside the sitting room so the social worker is presumably acting on cue; another social worker pulls his car into the curb, looks into camera (which is nicely in focus) and explains his next move—clearly a rehearsed sequence: we watch in close-up as a social worker knocks on a front door then cut to a long-shot from a distant balcony—presumably the social worker is giving a little performance.

I prefer verité work—no reconstructions, no performing—and I would hope BBC documentary makers would nowadays have the skills if not always the budgets to work without such artificiality. But at least nobody is pretending that this series is verité; the technique is left on the surface so that we can see (more or less) what is going on. Except for one occasion in the first programme and it is that incident which for me has thrown doubt on the entire project.

The scene has already been widely discussed, both in the Press and on the first of a new run of BBC2's *Did You See*: the child Amanda and her mother Margaret being separated in a violently tearful sequence in the Social Services office. Always the question asked is: was it right for us to be voyeurs? Since the department had agreed, Margaret was clearly seeking to exploit the cameras, and the child appeared quite unaware of it, my answer is yes, because that scene was central to the series.

What worries me is not that but what happened during the cut. Just after the social worker had told Margaret to say goodbye and Margaret had shrieked "Why don't you just drag her away, that's what you did last time without hesitation . . . you won't do it this time in front of the camera," we cut.

We resumed with (I think) a new camera angle and Margaret leaving; tearful but no longer screaming and certainly without any dragging. What magic had been done during that cut to achieve such a remarkable transformation? And since it was the very kernel of the centre of the subject of the series why didn't we see it? It may be that the film magazine ran out at its usual awkward moment, it may be that the social worker appealed to the BBC to switch off.

Whatever the explanation it was essential that the viewer should have it. Failure to give it is precisely the sort of bad old habit which sustains dark suspicions and prolongs a feeling of doubt about the trustworthiness of the entire genre of television documentary.

Lyric Hammersmith

Favourite Nights

Stephen Poliakoff's new play is a strange, listless journey through the allegedly soulless world of West End hotel foyers and gambling casinos, of coloured cocktails and rattling roulette tables. It is a sort of dramatic hold-all for the playwright's observations of this spooky nightlife but it lacks momentum and, more fatally, convincing character portrayals.

We begin in a London language school where Catherine is mysteriously laying into an Austrian businessman. This is the first of many evasive statements about the play's purpose. The Austrian's reaction is to treat Catherine as an escort service to the casino where it so happens she spends most of her time anyway, snatching clandestine meetings with a good-looking croupier. Catherine's younger sister, Sarah, is waiting for her exam results and joins the curious foray to provide a thread of sibling rivalry.

Sarah thrives on the peanuts and fruit machines in a wide-eyed performance from Gwyneth Strong that skates conveniently over the fact that no one in jeans and T-shirt would have got past the front door. Admittedly a line is thrown in to dodge round this problem, but Peter James's production is rife with sloppy detail and inconsistencies.

Why, for instance, does Sarah disappear to make a telephone call without any change and how does she know the number (and who is she ringing anyway?); the roulette table requires its customers to stand in an uncomfortable huddle when stools would surely be *de rigueur*; an order for blue cocktails materialises with the unlikely speed of lightning.

These may sound like minor complaints, but if Poliakoff sets out to paint a mood picture, the hairs on his brush are decidedly matted. In Catherine, I detect an attempt to write a private, strong-willed character after the style of David Hare. But the result lacks psychological penetration. Speeches of poetic reportage are inevitably prefaced by Catherine and, for that matter, anyone else, with such weak introductory phrases as "Did you know that?" or "It's fun how you notice."

Susan Tracy plays the lead character in an unmotivated haze of confusion, coming to life only when closetted with John Duttine's slinky croupier or rummaging desperately through a lost property cupboard to find a last chip for the tables. The best performance is that of Peter Postlethwaite as the businessman, but it is impossible to understand why he has been provoked into pursuing Catherine. It is worth pointing out that not a laugh is to be had all evening. The ambitious set of Mayfair red plush and Muzak-infested emporiums is the work of Grant Hicks.

Leonard Burt

Susan Tracy

MICHAEL COVENEY

Elizabeth Hall

Ian Hobson

by DOMINIC GILL

I admired Ian Hobson's serious, lucid performance of Beethoven's Hammerklavier sonata at the semi-finals of the last-but-one Leeds Piano Competition in 1978. His Chopin F minor concerto in the finals misfired (he eventually took fourth prize); and so did his Elizabeth Hall debut recital six months later—an evening of technically confident but brittle, heavy-handed performances which confirmed that, for once, the jury's assessment of first-class/fourth-grade had been just about right.

Three years later Hobson returned to Leeds, and last September was rewarded for his perseverance with first prize. It is an attractive idea that an artist might change his colour so fundamentally between the ages of 26 and 29 as to deserve, where before he unequivocally had not, one of Europe's most prestigious piano awards. But it is, unfortunately, not borne out by the evidence. The decision of the Leeds jury this year was a regrettable one: for it does a disservice to audiences, to Mr Hobson himself, and to the already tarnished reputation of competitions in general. If the jury had had the courage of its convictions, it would have given no first prize. On the showing of his laureate's recital on Monday, Hobson is still a good and valuable pianist: but though his class is still first, his grade is no higher than it was three years ago.

He opened with Beethoven's little set of six Variations op. 34: sober, correct and accurate, cleanly articulated, a perfectly unexceptionable performance that lacked almost entirely in any magical presence. His Schubert C minor sonata was likewise decently and firmly drawn—without any sense of dramatic opposition, lyrical and declamatory, of dazzling light and shade; above all, without mystery — the performance moved with all the civilised momentum of a well-prepared after-dinner speech.

Hobson seemed more at ease with Busoni (the so-called sixth Sonatina, actually a paraphrase in the grand Lisztian tradition on *Carmen*) and Rakhmaninov. He suppressed the period flavour of the F sharp minor *Etude-Tableau* and the D flat Prelude op 32 so thoroughly that he succeeded also—rather likeably and refreshingly—in suppressing the dark undercurrents of regret and nostalgia; but not entirely, in a pair of really very beautiful performances of the Kreisler *Leibesleid* and *Leibesfreud*, all of the authentic schmaltz. His account, last, of Prokofiev's seventh sonata was skittish and superficial, played to the gallery, invigorating for its efficiency, but lacking nearly every other dimension.

\+

In my review on Monday of the West Square Ensemble, whose concert of electronic music had been notably free from technical hitch, some technical aberration led to the omission of the name of Rolf Gehlhaar, the composer of *Polymorph* for bass clarinet and tape-delay, the restoration of which to the fourth paragraph also restores the sense.

Covent Garden

La sonnambula

by MAX LOPPERT

Few today are the sopranos who undertake Bellini's sleepwalking heroine; she is the operatic Sylphide, and she demands an operatic Makarova to do her justice. It goes without saying that Ileana Cotrubas' first Amina on Monday was a prospect approached with more than usual interest. This is Miss Cotrubas' first venture into bel canto territory; one looked forward to a display of new skills by a performer who has already shown us so many others.

In brief, she seemed to me both the revival's prime strength and its chief weakness. That the Romanian soprano is a singing actress capable of communicating powerful and poignant emotion, of realising a delicacy and strength of characterisation, is already richly proved at Covent Garden; here, the balletic lightness with which she floated through the sleepwalking scenes, arms ethereally aloft, face rapt and wistful, afforded a prized sample of her art. The core of Bellini and Romani's slender pastoral romance insists on being apprehended and taken seriously in such passages.

But Bellini needs perfectly formed and poised singing every bit as much as he needs Miss Cotrubas' array of expressive responses — indeed, it is the singer who (as Friedrich Lippmann in the New Grove puts it) "achieves the proper balance between bel canto and dramatic tension" who performs him with true suitability. It has to be said that the fascinating, veiled instrument displayed on this occasion, beautifully sensitive though it may be to the requirements of other roles, failed to supply such a balance. There was everywhere a lack of finish, of virtuosity, in the survey of the melodic lines; when they bloomed into fioritura, Miss Cotrubas seemed unable to avoid bumping their scales, stumbling over their phrase-ends, fudging the trills and yelling the top notes. The play of light and shade so touchingly instanced by face and bearing was regularly contradicted by the want of it in most of her singing; slow cantilena, such as in the love duet, or "Ah! non credea," was better sustained, but even here the line was not sufficiently tautly held, the tone sufficiently clear or steady.

So far, then, only a part-Amina, though one of undoubted interest. When Dennis O'Neill learns not to emit his difficult high phrases as nervous yelps, he will have come a good deal closer to the conquest of Elvino; for in charm, in Italianate sweetness, in suavity of address (aided by excellent diction) it is already an appreciable offering. If a *Sonnambula* could be "made" by its tenor, or indeed by its bass—for Robert Lloyd sang a Count of very considerable distinction—then the success of the current revival would be far less in question. Subaltern roles are rather more modestly filled, and the work of a loudly prompted chorus and a lacklustre orchestra under Manfred Ramin never rose far above the prosaic; the conductor, at least, did nothing to discomfort, and much to underpin, a soprano and tenor both new to the opera. He gave us a very full edition of the work, to some purpose.

The Medioli production, which served Joan Sutherland in the 60s and a memorable Renata Scotto in 1971, has been "revised": the original designer, Filippo Sanjust, has come in as producer alongside Richard Gregson, as well as providing new decors. The style of picture-book painted cloths and flats is apt, and, in the inn, very attractive; but in the outdoor scenes (even if Mr Sanjust has remained true to the libretto rather than to tradition by having Amina emerge across the mill roof), the effect of ill-painted cardboard rocks placed absurdly far forward is of a cheapness and a silliness unacceptable on this august stage.

Festival Hall

Musgrave's Peripeteia

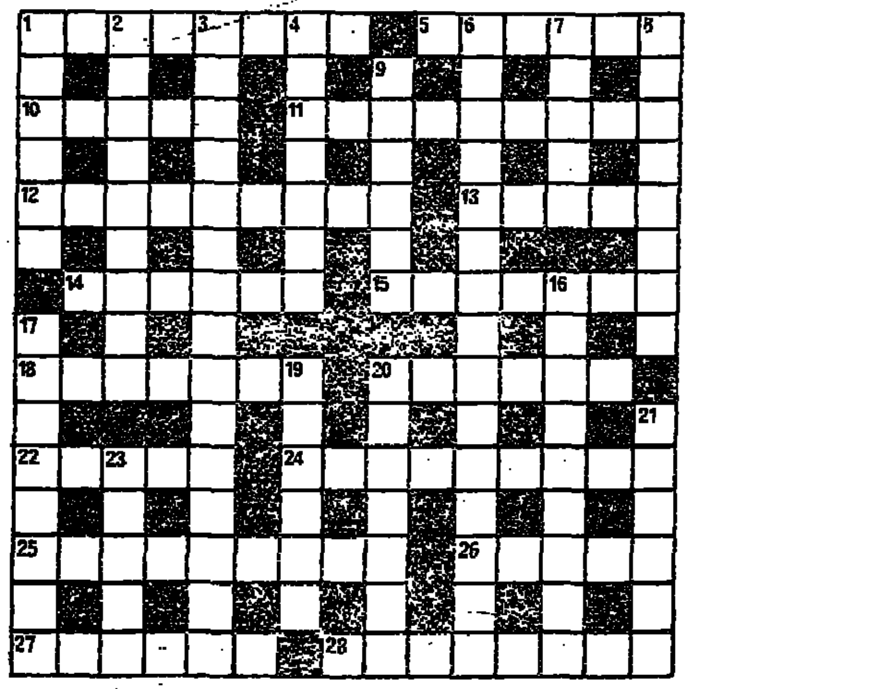
The Royal Philharmonic Orchestra on Monday celebrated the 200th anniversary of the birth of Vincent Novello, founder of the music publishing house. Walter Weller conducted the orchestra in Mozart, Elgar and Mendelssohn, and Thea Musgrave, a present-day Novello composer, took charge for the first performance of her *Peripeteia*, commissioned by the RPO for the occasion.

Musgrave describes the piece, which lasts a fraction over 15 minutes, as "a kind of opera without words or specific plot." The title is borrowed from the fourth of Schoenberg's Five Orchestral Pieces, but used in its dictionary sense of "a sudden change, especially that on which the plot of a tragedy hinges." Here, though, it is turned on its head: the music begins exuberantly, almost triumphantly, and is brought down by the intrusion of foreign, menacing sounds to yield an uncertain close.

But anyone who expected another of Musgrave's spectacular essays in dramatic orchestral writing will have been disappointed. *Peripeteia* includes some striking ideas—luxuriant horn writing, a syrinx-like melody shared between flute and oboe, fluttering, whirling fragments for the wind as a whole—but the argument lacks clarity. The appearance of the malign music is insufficiently decisive, while the occasional insertion of unmetered passages does nothing to break the constraints of what, rhythmically and harmonically, is an unadventurous work. Yet there is almost a case to be made for it as a bright orchestral vehicle; certainly the RPO responded to the composer's brisk direction most efficiently, and with infinitely more spirit than they had mustered for Mr Weller's incoherent account of Mozart's G minor symphony before it.

ANDREW CLEMENTS

F.T. CROSSWORD PUZZLE No. 4,715



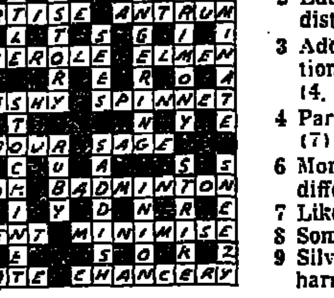
ACROSS

1 Shell tough nut (4, 4)
5 Low singer and French dog (6)
10 Writer listener confused with Sterne (5)
11 Badge of office minister gets in the neck (3, 6)
12 How incident you heard consumed might turn out (9)
13 Henry leading doctor round hotel (5)
14 Greeting alas muddled by morning (6)
15 Interrupt the Camptown shooting gallery (7)
18 Parson one left out of church (7)
20 Second hot dish made in haste (6)
22 Caught by sailor inside with cramp (5)
24 Arrange with officer to find (9)
25 Rat born together with one bird (9)
26 The initial drink producing wind (5)
27 Missing mark found in headless fish (6)
28 Ran round shower until twisted (8)

DOWN

1 Motorist not taking care to secure sheepish creature (6)
2 Educate Adamson to make a disturbance (5, 4)
3 Adopt a far from easy position to recover respect (4, 2, 9)
4 Party member given weapon (7)
6 More refreshment is a very different thing (7, 3, 2, 3)
7 Like this to cover firm (5)
8 Somersault in takings (8)
9 Silver part of instrument in harmony (6)
16 Rushed up to share story (9)
17 Cordial message under a motorway (8)
19 Builder beheaded incumbent (6)
20 Odds on drunk getting separated (5, 2)
21 Assume control and do a capital job (6)
23 Mistake by born expert (5)

Solution to Puzzle No. 4,714



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Wednesday November 4 1981

The respite for BL

THE economic and political outlook in Britain would have been very different this morning if the majority of the work force at British Leyland had voted the other way: namely to stay on strike and to risk, even almost to invite, the company's liquidation.

Even as it is, it was a close run thing until the last minute. The BL shop stewards, who voted 235 to 12 on Monday to advise workers to reject the revised pay offer, would hardly have done so if they had expected such a rebuff. To some extent, they must have read the workers' mood correctly: there was a sense of bitterness, a feeling that the work force was being overridden by the management once too often and that their pay had fallen too far behind what they thought they deserved. Where the shop stewards miscalculated, however, was in their belief that, when faced with perhaps the final choice, the workers would vote for the dole rather than continued employment.

Brink

It was not, then, a famous victory, for Sir Michael Edwardes, the BL chairman, or for anyone else. The management went too close to the brink for comfort. In the end, the majority of the work force voted to go back more out of fear than of hope. No-one should suppose that the problems of BL—a company that would have gone bankrupt long ago if it were in the private sector—are over. At best, there has been a respite.

Yet there have been other developments this week which suggest a way forward. The annual conference of the Confederation of British Industry in Eastbourne surprised even its organisers in the change of mood among those attending. The theme of the conference was competitiveness. Speakers had been expected to stress the way that British industry had become leaner, tauter, fitter—the words that Mrs Thatcher would like to hear —as well as their determination to keep down inflation by low wage settlements.

The message from the floor, though not in total contradiction, was rather different. Instead, industrialists spoke about their own responsibility for the country's economic predicament. They expressed concern about the number of unemployed, not just because of the waste of resources but also because many of them saw it as a moral evil. They did not bash the unions: nor did they call for a draconian reform of the law affecting industrial relations. They did attack the "them and us" syndrome in British industry, and blamed part of it on themselves.

Support

Those were not simply the speeches of possibly eccentric owners of small businesses, outside the mainstream. One of the most powerful of them came from Mr Ian MacGregor, the chairman of the British Steel Corporation. Every manager, he said, should be on the front-line—the shop floor—every day explaining to the work force what was happening.

There was, again, overwhelming support for resolutions, moved from the floor, demanding greater collaboration between management and the unions, both at the national level of the CBI and the TUC and at the plant level. There was unqualified support, too, for joint efforts at retraining and improving industrial skills. The message, in short, was one of the need to work together to survive.

Conciliation

The drama at BL was rarely mentioned directly, partly no doubt because everybody knew how much was at stake but nobody could be sure of the outcome. Yet if the mood of the CBI in Eastbourne could be transferred to what remains of the British motor industry, there is little doubt where the emphasis would be: it would be on conciliation with the work force.

Sir Michael Edwardes has performed a near impossible task in keeping BL together as well as he has. He was wise to bring in ACAS last weekend and to allow a slightly revised pay offer: even wiser to promise greater consultations on company policy in future. But the job now is to establish the new consultative machinery. The work force can be pushed too far, and very nearly was.

Moscow's nuclear blandishments

MR BREZHNEV may have rendered Nato an unwitting service with his interview published in Der Spiegel this weekend. In unmistakable terms he says that "once nuclear war has broken out—in Europe or elsewhere—it would inevitably, without hope of prevention, assume a world wide character."

If that is Soviet doctrine, the use of nuclear weapons cannot be confined to Europe. For decades many Europeans, some Governments included, have harboured recurring fears that the U.S. would try to restrict a nuclear exchange to Europe. Mr Brezhnev tells them that these fears are unfounded. He has neatly balanced out President Reagan's ill-timed statement of last month suggesting the opposite.

Worried

Not that that was Mr Brezhnev's intention. His real target was public opinion in European countries deeply worried about the arms race and, especially, Nato's decision to deploy Pershing and cruise missiles in Europe. Several prospective "host" Governments have their doubts about that intention. In West Germany, where Mr Brezhnev will shortly pay a visit, many supporters of the coalition Government are in open revolt against the plan.

As Nato sees it, the new missiles, which could hit Soviet territory, are intended to restore a balance tipped in Russia's favour by the equally long-range Soviet SS-20. Mr Brezhnev rejects that. For him, nuclear balance already exists in Europe and ought to be preserved. He lumps together existing intermediate range missiles, the British and French nuclear forces, and warheads for U.S. aircraft stationed in Europe or the adjacent seas to arrive at parity.

That overlooks the fact that France is not part of Nato's military structure, that the British deterrent lacks the precision to hit Soviet rocket sites, and that the range of bombers and their ability to get through is limited. None the less one must take the macabre numbers game seriously. Even without the final disaster of intercontinental missiles being fired, Nato and the Soviet Union already have enough nuclear fire power in Europe to wipe out vast tracts of the continent.

Mr Brezhnev plays upon the fears which that arouses. Preserve parity, he argues, and move on to negotiations intended to reduce nuclear armaments. The problem is that the parity in numbers hides a discrepancy in the efficiency of the weapons. Unlike Nato, the Soviet Union already has deployed a new generation of intermediate range missiles in the shape of the SS-20.

Threat

Mr Brezhnev throws in an unmistakable threat to the Germans when he says that because Pershings and cruises have mobile launching ramps, any blow aimed at them would have to cover an extended area. In plain language, West Germany would cease to exist in a nuclear exchange.

A kinder Mr Brezhnev emerges in the offer not to fire nuclear weapons at any country which joins a nuclear-free zone. He is thinking primarily of Scandinavia. How valuable such an undertaking would really be — especially on Mr Brezhnev's assumption that there is no such thing as limited nuclear war — is another matter. The episode of the Soviet submarine caught stranded in restricted water off Sweden permits the wry question how seriously Moscow really takes neutrality.

Fears

The West German Government takes the view that Mr Brezhnev had little to say that was new. (Nor had President Reagan in his musings about a nuclear war limited to Europe.) The Soviet leader's intention, indeed, was first and foremost one of propaganda.

Without dismissing his fears for Europe and his own country, he clearly was playing upon the political and intellectual doubts that have arisen in many European quarters about the wisdom of Nato's decision to deploy the new missiles, though also to embark upon talks with Moscow designed at least to control their numbers. Until Nato can find a more convincing alternative, that twin track decision must stand. A way out could open up if Nato screws up its political will to muster conventional forces able to withstand conventional attack. If the Russian tanks can be stopped by conventional means, the nuclear big stick may never have to come into play.

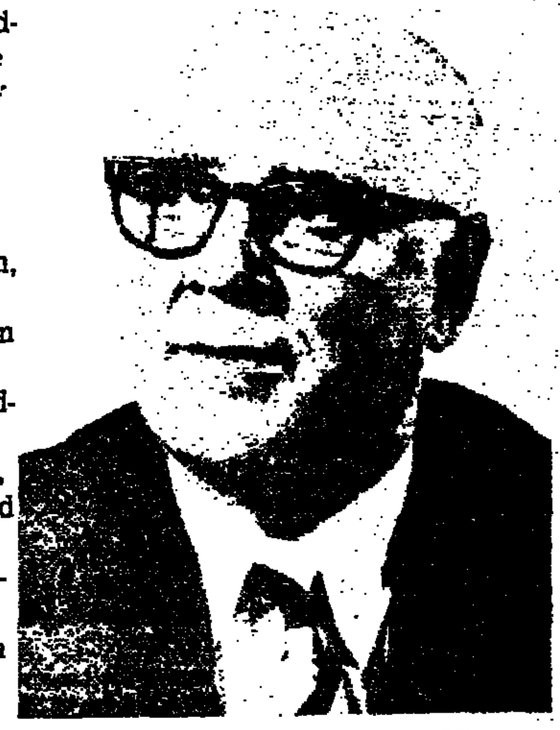
U.S. STEEL IMPORTS

'Europe doesn't give a damn'

By Ian Hargreaves, recently in Pittsburgh

The tom-toms are pounding in Pittsburgh as the American steel industry gears up for its third legal assault in four years upon imports of foreign steel. The trigger price mechanism, designed to prevent under-cutting by foreign steel-makers, is being blatantly ignored, according to American steel chiefs. Now U.S. Steel, the largest producer, and other companies are considering filing dumping suits against 14 countries, seven of them in Europe. The aim is to put the importers in an arm-lock.

THOMAS GRAHAM OF J AND L
"French don't have the guts"



DAVID RODERICK OF U.S. STEEL
"trigger price is out of control"

"MY MOST eloquent argument," says Mr Tom Graham, president of Jones and Laughlin, the third largest U.S. steelmaker, "is laid-off steelworkers. I tell them as they go out the gate that they're out because the French don't have the guts to lay off their own steelworkers.

"The Europeans don't give a damn, their commitments mean nothing. But they have made a tragic error in not making the trigger price mechanism work."

That is the beat the tom-toms are pounding in Pittsburgh today, as the American steel industry gears up for its third legal assault inside four years upon the flow of foreign steel which in August took almost 25 per cent of the U.S. market, up from 16.3 per cent in all of last year and 15.2 per cent in 1979. In August European steel, based on an average of product prices, was undercutting the list price of U.S. steel by about $180 per ton on a $550-$600 per ton U.S. price range.

"The trigger price is simply out of control," argues Mr David Roderick, chairman of U.S. Steel, discussing the minimum price mechanism reinstated in strengthened form a year ago by President Carter to prevent disruptive undercutting by foreign steelmakers. "It is being blatantly ignored by most of the European producers. The time for patience is past. It is time for action."

Just what form that action

SEVEN LARGEST U.S. STEEL PRODUCERS
(1980 raw steel output)

U.S. Steel	23.3m tons
Bethlehem Steel	15.0m tons
LTV	9.7m tons
Republic Steel	8.5m tons
National Steel	7.6m tons
Armco Steel	7.3m tons
Inland Steel	7.0m tons

Source: [illegible]

should take, however, is a matter of [illegible] L and [illegible] Wheeling-Pit[illegible] a fixed quota [illegible] per cent to 12 per cent, the market share back in 1974.

Mr Roderick, however, has set his face against political solutions, which he says have let the industry down twice since 1977, and insists U.S. Steel will litigate its way to victory. However, filing dumping suits against up to 14 countries, seven of them in Europe, would mean the end of trigger prices. It would take about eight months to get a ruling on these actions, but U.S. Steel expects the mere act of filing to halt some imports and hopes that the fines and countervailing duties imposed if the cases are proven will put the importers in a lasting arm lock.

Bethlehem, the number two producer, is also planning suits, but others, notably Armco, the most international of the [illegible] steel companies, has so far not entered the fray, perhaps in part because it recently signed a 10-year agreement with Nippon Steel to import up to 50,000 tons a year of seamless pipe from Japan. A similar deal with Dalmine of Italy, involving 120,000 tons a year of seamless pipe, has not, however, affected U.S. Steel's thinking on the subject. The Americans justify these captive import deals on the grounds that high strength pipe for the booming oil industry will be in short supply until U.S. Steel, Armco and others complete recently announced projects to extend domestic capacity.

Such inconsistencies and the fact that the steel men disagree over tactics, however, do not make the problem any easier for the Reagan Administration, which would prefer to avoid another testing of its free-trading mettle so soon after its compromises in the motor trade pact with Japan.

Within the Commerce Department, which administers the trigger price, officials are busily collecting their own information about below trigger price sales. According to Mr Lynn Hollick, director of the agreement and compliance division, they may be ready to file their own dumping suits before the middle of November. That would be on top of a series of investigations into whether several companies, including British Steel, are guilty of violating the anti-surge clause of the trigger-price mechanism, which says that imports should not take more than 15.2 per cent of the market when the domestic mills are operating at under 87 per cent of capacity.

At the same time, however, the Commerce Department is also due to rule within the next fortnight on an application from Hoogovens of Holland for permission to sell below trigger prices because, the company says, the fall of the guilder against the dollar this year has sharply cut its costs as measured in dollars. If the department approves this pre-clearance having already granted that status to Canadian producers, German applications may well follow and the men in Pittsburgh will be even more heated than they are right now.

Mr Malcolm Baldridge, the Commerce Secretary, who is regarded by some steel leaders as an ineffectual proponent of their cause in a debate which inevitably draws in the economic and political heavyweights from State and Treasury, probably sees these actions from within the department as his best means of reasserting initiative in the steel situation. On Monday Mr Baldridge told a Congressional trade committee that his department was ready to start dumping investigations as soon as the steel industry showed proof of imports selling at less than the trigger price level.

But Mr Roderick says Commerce Department suits would still not persuade him to drop his own cases, which he believes are better researched than those the Government is considering.

On a broader canvas, there is the risk that a steel trade war would spread and affect other U.S. trading interests. As Mr William De Lancey, chairman of the American Iron and Steel Institute, noted himself in his keynote address to this year's general meeting: "The world trade mechanism may very well be too delicate and weak at this time to withstand such a shock."

The reason that steelmakers are so angry at the moment—certainly angrier than last time this issue flared up two years ago — is that they believe they have just started to glimpse — through the Reagan tax breaks and the softer line on pollution laws — a chance to put their industry in order.

President Reagan himself is fond of quoting the steel industry's avalanche of over $5bn of investment schemes announced since he came into office, something the President attributes to confidence in his programmes.

Actually, the rate of capital expenditure this year, at a little over $3bn, will be no higher than in 1979 or 1980 and still $2bn to $4bn below what the industry itself believes to be necessary on an annual basis for the next decade.

A more aggressive, outgoing management had also started to unlock sleeping assets such as coal reserves, of which the industry has more than 10bn proven tons. U.S. Steel recently sold 28 per cent of its reserves to Sohio for $700m. Even the growing fashion of diversification, although a product of negative sentiment about steel, is a sign of general management confidence. Armco has long been broadly diversified, as has the LTV group to which J and L belongs, but more recently National has become owner of the third largest savings and loan association group in the U.S. and U.S. Steel has set up bank lines for a $1bn to $2bn non-steel takeover swoop, which Mr Roderick says could mean half the company's sales being outside steel by the end of next year.

Even the bottom line was looking better, with over $1bn in aggregate profits in the first half, equivalent to the whole of 1980. Some commentators had even begun to marvel at the industry's dramatically lower break-even point, down from over 80 to about 60 per cent of capacity utilisation, although most of this change is a temporary function of high profit margins on high-strength oil industry pipes and tubes.

The steel men now feel this fragile prospect of recovery to be in jeopardy as the importers pile into a market which is collapsing with the plunge of the business cycle. Today, industry is operating at about 65 per cent of capacity, and that percentage is still falling.

These arguments are understandable and might easily have been foreseen both by the European Commission, which helped negotiate the trigger, and in Germany and Italy, the two main culprits in the surge. But equally, the case should not be overstated. In the first nine months of this year, imports cumulatively accounted for 17.9 per cent of the market, which is an advance on last year, but not such a very large advance given that since January the dollar has appreciated by 14 per cent against the D-Mark.

And as for the claims of modernisation, they too have to be set in perspective. With only 20 per cent of its steel continuously cast (rising to 28 per cent within three years under the latest investment programmes) the Americans are still way behind Japan, where 60 per cent of steel is now continuously cast. And some 12 per cent of U.S. steel is still made by the obsolete open hearth process. About half the industry's coke oven capacity is also in need of replacement.

The importers also point out that about one-third of this year's imports have been so-called oil country goods—tubes and pipes—which the U.S. producers simply did not have the foresight to produce in sufficient quantities. And if oil is considered a volatile and hard-to-predict market, which it is, what about railway lines? Importers currently supply well over one-fifth of this market—300,000 tons a year—because American mills cannot produce the 82 ft rails needed for modern, high-speed rail networks.

How many of these difficulties stem from unfairly priced imports rather than inferior efficiency is another question, but before this latest conflagration is over someone will have to sit down and distil the macroeconomics from the opportunism in the charge and countercharge now being made.

Someone will also have to account for the fact that the Commerce Department, basing its calculations upon Japanese costs, have chosen to raise trigger prices by less than 5 per cent this year. Perhaps this has something to do with Japanese steelworkers' wages rising 7 per cent this year, against 10 per cent for their inflation-indexed U.S. counterparts.

Equally tricky for the accusers, be they from the steel industry or the Commerce Department, will be to prove injury to the American mills at a time when profitability in the industry, though without doubt inadequate, compares favourably with equivalent points in the business cycle in the past.

But looking beyond that, it is hard to imagine a lasting solution to issues of such complexity and emotive power outside the political arena. The test now for Mr Reagan and his advisers is whether they can put together a response to those of the grievances of the steelmakers which are legitimate, without reducing world steel trade to the tariff and restriction-dominated condition of the textiles business.

HOW THE TRIGGER WORKS

THE TRIGGER price mechanism was set up in 1977, scrapped in January 1980 and restored in October 1981. On the basis of Japanese steel-making costs, the system establishes fair minimum prices for foreign steel sold in the U.S. These prices cannot be undercut without "pre-clearance" from the U.S. Government. In addition, a "surge mechanism" is designed to produce a Government investigation whenever imports exceed 15.2 per cent of the market at a time when American steel mills are working at under 87 per cent of capacity.

Men & Matters

Rovers' return

As the BL workforce drew back from the brink, many Government ministers gave a special sigh of relief—they will be getting new cars. Environment Minister Sir George Young has given the go-ahead for 12 new ministerial Rovers, though cost-cutting means that the 3.5 litre models will be replaced with leaner, fitter 2.6 litre automatics.

If the strike had been prolonged, and BL closed down, some alternative replacement would have been found. But Whitehall sources discount a rumour that Norman Tebbit had prepared a contingency plan for ordering a dozen bicycles.

Union's Jack

So why is Jack Emms retiring as chief general manager of insurance group Commercial Union? One inference bound to be drawn in some quarters is that Emms is getting out of a seat which looks like staying uncomfortably hot in the near future.

He took over as chief executive in 1977, two years after CU had found itself in trouble with the growth-at-all-cost strategy which it had adopted in the North American market.

It takes years to turn round such a large business — half CU's premium income comes from the U.S. and Canada — and rationalisation and restructuring of policies and operation areas has gone on apace. But analysts expect North American underwriting losses of £90m this year and the immediate conclusion might be that Emms's strugle to pick up the pieces has not been very successful.

Not least among the arguments against that view is that Emms will be succeeded by his number two, Cecil Harris, who has been closely involved with the U.S. business for 20 years and has had prime responsibility for the U.S. rationalisation. Moreover, Emms remains not only as vice-chairman of the CU Board, but also as chairman of the U.S. company.

And while Emms's departure may have been something of a shock to the City, it was certainly no surprise in the CU boardroom. For the insurance industry tends to be a stickler for retirement ages and, at 61, Emms has overshot the three-score years allowed at CU. He first discussed the prospect of his retirement with the Board a year ago and the date—April next year—was set last February.

Knight's move

Sir Leonard Allinson, the former British High Commissioner to Zambia, and now Britain's top Africa diplomat as assistant under secretary at the Foreign Office, is due back in Lusaka today for the first time in almost two years.

His visit, as a member of the Western contact group seeking to promote a settlement in Namibia, is hardly an occasion for nostalgic reminiscing, for the circumstances of his departure were scarcely cordial.

Sir Leonard, who was knighted in the wake of the Commonwealth conference in Lusaka in 1979, had the misfortune to be caught in the crossfire between Britain and Zambia over Zimbabwe. He was hurriedly withdrawn after a sharp personal attack by President Kaunda.

The circumstances were somewhat bizarre: the then Rhodesian security forces had chosen the middle of the Lancaster House conference in London to blow up a series of key road and rail bridges in Zambia, with the aim of making their country more dependent on its rail links, through Rhodesia to South Africa.

In response, Kaunda called up his reservists, and accused Britain of conspiring with Rhodesia and South Africa to force a settlement at the conference. He said Zambia would demand compensation from Britain for the damage inflicted in the raids.

When Sir Leonard rather tartly replied that Britain could hardly be held responsible, a crowd of "party militants" marched on the High Commission and stoned the building. Kaunda declared: "That man can't operate here any more. He has rendered himself completely irrelevant." The next day, Sir Leonard returned to London for "urgent consultations," and never resumed his post.

Presumably, the Zimbabwe settlement has suitably shortened memories of the incident. The Zambian Government has murmured no protest over Sir Leonard's return with the Namibia mission. He is "relevant" once more.

Branching out

I took a wrong root somewhere along Ernest Bigland's family tree when I said the other day that his son-in-law David Holt was a 25-year veteran of Charrington and Bass. Ernest Bigland's brother is the Bass man, while Holt has nine years behind him at Matthew Clark. And the target first-year sales for Holt's new wine company, British arm of the major French grower Patriarche, is 60,000 cases.

Post-haste

For all the dash the Pony Express used to cut in those Hollywood B films, I thought the U.S. had by now found better ways of delivering the mail. Not so, it seems.

On Monday, Senator Steven Symms dropped a letter to the mayor of Harper's Ferry into a Washington mailbox and at the same time handed a copy to an endurance rider who set off with it on a horse called Ramequa Kaffara, the current American 100-mile champion.

The rider covered the 63 miles in just over nine hours, delivering the letter on Monday night. The postal service is expected to straggle in some time today.

"Personally I think all this talk of moles is absurd!"

Symms, a Republican from Idaho, arranged the race to highlight the shortcomings of the Government-controlled monopoly mail system. He has tabled a bill in the Senate to authorise private companies to deliver first class post.

The cost of a first-class letter rose from 18 cents to 20 cents on Monday—bringing the increase in the past ten years according to Symms, to 233 per cent compared with a 139 per cent rise in the cost-of-living.

Unimpressed, the postal service's only comment was "it's just a stunt that generates a lot of horse dung."

Death sentence

The English language continues to suffer at the hands of the Americans. A colleague just back from California tells me that one hospital there now refers to "death" as "a negative patient output." Elsewhere in the State, the word "health" has been displaced by "wellness."

Observer

PRICES CONTINUE HIGH

The great tin market mystery

By John Edwards, Commodities Editor

THE GREAT tin market mystery remains unsolved. It was confidently expected that at the World Tin Conference, held in Malaysia and attended by delegates from throughout the world, more light would be shed on who is responsible for the massive support buying campaign that has kept tin prices rising in spite of sluggish demand due to the recession.

While other metals have been under pressure tin prices have been pushed higher and higher in an operation estimated to have cost some £200m on paper at least.

Normally with an operation of this size, involving the buying of tin in London and Malaysia, details could be expected gradually to leak out from interested parties. But on this occasion there has been remarkable secrecy. Theories abound. But no one has any definite proof of who is providing the finance and the motive.

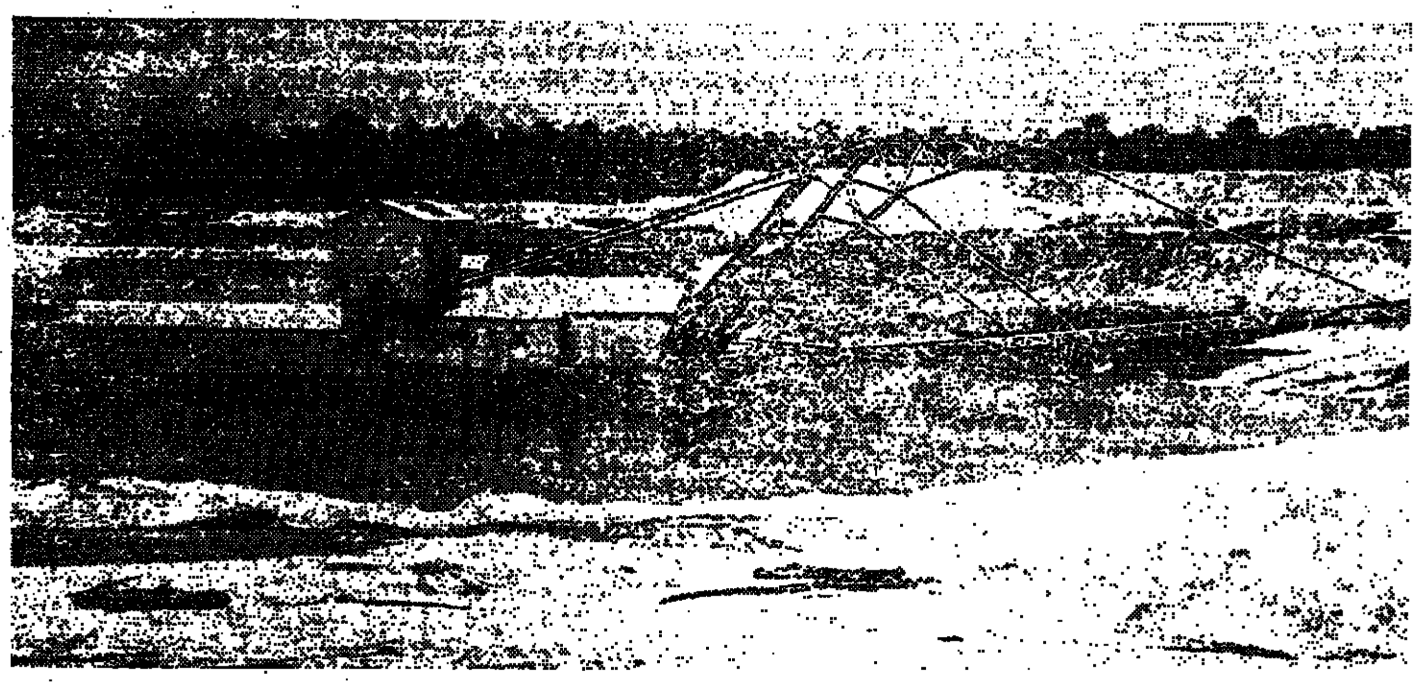
Certain facts have been known for some time. The main buying in London was conducted through two ring-dealing members on the London Metal Exchange—Commercial Metals, a subsidiary of bullion broker Mocatta Goldsmid; and Maclaine Watson, part of the Drexel Burnham Lambert group.

They were believed to be acting primarily on behalf of the Marc Rich group, a company that made its fortune in oil before expanding into metal trading in a sizeable way. Marc Rich is renowned for its secretiveness and is normally unwilling to talk to the Press.

It also happens that Marc Rich is the U.S. selling agent for the Malaysian Mining Corporation, the biggest tin producer in Malaysia. It has grown still more as a result of its recent merger with Malayan Tin Dredging and its acquisition of a sizeable (42 per cent) slice of the Straits Trading Company which owns the biggest of the country's two smelters.

The biggest shareholder in MMC is Permodolan Nasional, the master company used by the Malaysian Government in its efforts to transfer by 1990 some third of the country's wealth to the Malays under the Bumpiputra programme.

Given this background, many London tin traders put two and two together and apparently made five. It became quite clear at the conference that MMC's claim that it was not involved in the market operation was absolutely true.



A tin dredger at work at a Malaysian tin mine

Mr Rhahim Aki, chief executive of MMC, noted that it would be inconceivable for a public company, accountable to shareholders, to become involved in a market speculation. But he said, in any event, the company would simply be cutting its own throat financially by forcing up the price of tin which it then had to sell into an unresponsive market.

Nevertheless, most visiting delegates at the conference were convinced that the market support operation is centred in Malaysia and that MMC may have a shrewd idea who is involved.

Malaysia is by far the world's biggest producer of tin and, therefore, has most to gain from high prices. Its gravel pump mines are under particular stress, with production costs rising much faster than returns. It would also be virtually impossible to conduct a market operation of this kind without at least tacit support from Malaysia, as the dominant supplier.

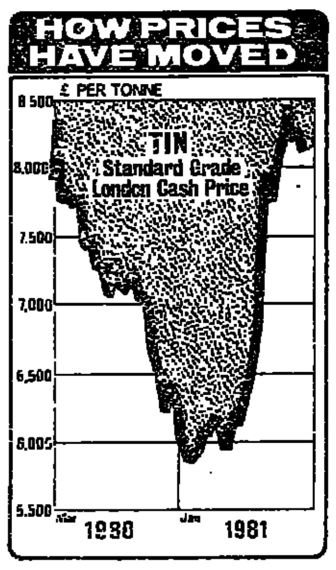
The heavy buying, mainly of tin to be delivered in three months time, started in July just after consumer members of the International Tin Council stunned producing countries by flatly rejecting their demands for a rise in the Tin Agreement "floor" and "ceiling" price range. There had been no increase in the range since March 1980 and producers, who walked out of the April Tin Council meeting in disgust, were incensed by the July rejection.

The speculation—and it was no more than speculation—was that the most powerful producer decided to do something about the situation and reverse the slide in tin prices at least until the next Tin Council meeting in October, when producers were expected to push even harder for a price range increase. A high market price, preferably above the "ceiling," would undoubtedly help them win the day.

As it transpired, the International Tin Council meeting last month (held in Kuala Lumpur before the World Conference) did agree, after bitter haggling, to increase the price range by 6.85 per cent. This odd figure was chosen because it was claimed that any bigger rise would provide a guaranteed profit to the operators controlling the market and Britain and West Germany were particularly insistent this should not happen.

There is no doubt that this is a skilful operation that is helping to sustain tin producers during a period when low demand would normally have pushed prices to below cost of production levels. . . . Apart from the economic risks there are political dangers to the whole basis of international commodity agreements.

HOW PRICES HAVE MOVED



Under the Tin Agreement, in addition to fixing a floor and ceiling price, there is in between the two a narrower price range where the buffer stock of the International Tin Council has to be a net buyer of surplus tin to defend the floor level.

It was calculated that if the "may buy" range was lifted by more than 6.85 per cent the operators, who have forced prices up by buying surplus tin, would be able to unload on to the buffer stock at a profit. Consumers were anxious to avoid financing in this way an operation that, in their view, had artificially inflated the price of tin to excessive levels.

It was known that many of the purchases of three months forward tin bought in July on 10 per cent margin fell due for delivery in October, just after the Tin Council meeting, and the operators would either have to decide whether to take delivery of the tin, thus putting up the extra 90 per cent required to purchase the actual tin, or sell it back to the market and thereby risk destroying the price.

Some participants at the Kuala Lumpur conference were speculating that the Malaysian government could be behind the operation. It has after all a major interest—as the world's largest tin producer—and it also has large funds in Europe earned by its oil company, Petronas. Furthermore, although the "paper" sums involved in the tin market operations (an estimated £200m) are large, the actual amount is very much smaller. Most of the purchases are of forward tin on a 10 per cent margin and skilful market operators can keep the capital outlay down to a minimum especially if speculators can be persuaded to jump on the bandwagon.

Whoever may be behind it there is no doubt this is a skilful operation that is helping to sustain tin producers during a period when low demand would normally have pushed prices to below cost of production levels.

Apart from the economic risks, however, there are political dangers. The tactic undermines the whole basis of international commodity agreements—that both producing and consuming countries will play their part in seeking to control market prices. Unilateral action by a producing country would tempt consuming countries to claim there was not much point in contributing to an international agreement if producers are prepared to support the market themselves.

But the tin producers, who might be tempted to form an Opec-style cartel in view of the concentration of output in a relatively small area (Malaysia, Thailand and Indonesia account for 80 per cent of world exports), counter-claim that consuming countries were acting unreasonably in failing to agree to any rise in the International Tin Agreement price range since March 1980.

In such a limited market, it is not too difficult (although somewhat costly) to control prices and iron out supply fluctuations to a greater extent than in other metals. The danger is that the artificial level of prices might encourage a reduction in the use of tin, and its substitution by other metals and materials, thus threatening the long-term prospects for producers.

Lombard

Mr Papandreou and the EEC

By John Wyles in Brussels

COULD GREECE be forced out of the European Community in order to teach the Spanish and Portuguese Governments and, indeed the British Labour Party that membership is an all or nothing affair? The question is prompted by a recent declaration from Greece's new Socialist Premier, Mr Andreas Papandreou, that his Government would be seeking "special status" within the Community.

In an interview published by Le Monde last week, Mr Papandreou stressed the current dangers for Greece in belonging to a unit whose rules imposed a serious handicap on her and whose members are in general much more economically advanced. His Government was not yet thinking of withdrawal nor did it want to retreat into a simple association agreement. What was needed, he said, was a special status for Greece which takes her economic circumstances into account. "After all even advanced industrialised countries like Great Britain have demanded and obtained a renegotiation of their status," he added pointedly.

This reference to the British renegotiation suggests that Mr Papandreou is determined to renegotiate the terms of Greece's accession treaty signed in May 1979. His objectives, however, will be rather different from those of the UK which was largely seeking some certainty that its net contributions to the EEC budget were not going to become unacceptably large. Mr Papandreou has no such concern since Greece will draw around £71m this year and on one unofficial Commission estimate could receive more than £300m from the Brussels budget next year.

It must be assumed, therefore, that at the very least the Greek premier will be looking for a longer transition period than the five years agreed by his predecessors before Greece must dismantle all tariffs on imported industrial products from other EEC countries and before it must fully align with the Community's common external tariff. He may also be looking for greater policy independence, to enable him to take national measures to cope with the Greek economic crisis and to slide out of Community policies which he may see as conflicting with his objectives.

How will the Community respond to Mr Papandreou's demand for "special status"? Of course, much depends on what he actually wants. If it is a matter of extending the transition period on a few industrial tariffs because the Greeks have established a case on behalf of local producers in difficulties, then maybe there will not be too much of a problem. But the Premier's stress on how poorly fitted the Greek economy is for EEC membership suggests he is after a more fundamental exeat from Community obligations. In that case, the other Nine will think immediately of the implications for Spain, Portugal and the British Labour Party.

The reasons are obvious. The Ten are currently negotiating on Spanish and Portuguese accession and are pushing for terms which will pose broadly the same problems for these two similarly underdeveloped countries as Greece is facing as a new member. Although the Labour Party is committed to EEC withdrawal, there is a reasonable expectation that if it came to power in 1984 it would attempt to negotiate a new arrangement short of withdrawal.

However Greece's partners are nowhere near ready to embrace the idea, supported in this column a month ago, of a special status short of full EEC membership which would properly prepare less developed economies (Greece, Spain, Portugal) for life in the Community. This category might even accommodate a Labour-governed Britain anxious to maintain some ties with the EEC.

As a result, Mr Papandreou is likely to do better if he follows the Irish and Italian example by stressing his national weaknesses and pushing for special measures to help a Greece still committed to implementing all EEC policies. All small member states soon learn that their powers to use the Community for narrowly national advantage are limited and that it is often more profitable to put up and shut up.

Letters to the Editor

Co-ordinated commitment to exchange rate stability

From Mr L. Jackson

Sir, — Professor Lamfalussy's call for an international co-ordinated commitment to exchange rate stability (report by David Marsh, October 23) is timely, but one doubts whether the administration will take much notice of Professor Lamfalussy. It is more realistic to consider what the Europeans can do.

Apposite to this, you remarked in a leading article on October 15 — in relation to Mr Heath's position — that a freer float against the dollar would lessen the risk of high interest rates retarding European recovery. Presumably this would mean a concerted policy by EEC Governments and markets of deliberately lowering interest rates within the Community. One assumes that intervention and interest rate adjustments would be used to keep EEC currencies in step (with a trade-weighted index target of around 90 in the case of the UK). Undoubtedly EEC currencies would fall against the dollar. The question is — does Europe introduce exchange controls, as proposed by M Delors and Mr Heath, or is there an alternative?

An exchange control ring fence is hopelessly impractical. Exchange controls worked well in the UK because the Bank of England was firm on principle but commercially minded — those of us who were exchange controllers in the banks could obtain prompt guidance on the most intricate large capital investment transaction. I shudder to think of the delays to ordinary trading transactions, let alone major capital projects, if exchange controls were to be operated in countries with rigid central banks.

For a possible (if partial) alternative, I have again delved into my back copies of the FT. Nicholas Colchester, in an article on M Delors' proposals which you printed on September 9, pointed out, *inter alia*, the effect on the cost of dollar imports into the EEC if EEC exchange rates were allowed to slide against the dollar. His very interesting suggestion was that the Europeans should try to increase the proportion of their trade denominated in European currencies. He instanced oil, representing one-fifth of EEC import costs, where contracts are priced in dollars. In oil glut conditions, he suggested that the EEC bloc should insist that its oil contracts are priced in an EEC currency or ECUs. Certainly there would be a problem for the UK, but, after an initial adjustment, surely we could live with oil costs and sales both priced in sterling or ECUs?

I would tentatively suggest that EEC Governments should discuss a lowering of interest rates within the Community in the context of a determined attempt to price EEC external costs out of dollars.

Leonard A. Jackson.
Caritas, Heathside Lane, Hindhead, Surrey.

Trade-offs to reach arms control

From Professor Ian Bellamy

Sir,—There is beginning to be talk in defence circles that the best use to which the planned Trident replacement for the British Polaris strategic nuclear force can be put is to sacrifice it as part of a parcel of Western concessions to be offered to the Soviet Union, in return for reciprocal Soviet concessions within the context of an East-West arms control agreement.

In many ways this is an admirable suggestion. It offers a chance to make very large savings in public expenditure (and if the Government decides to replace Polaris with Trident D5 rather than Trident C4, your Defence Correspondent's report of October 30 seems to indicate the cost will be nearer £10bn than the £5bn that has up to now been the working figure). And equally important, it promises to unite behind it the widest possible range of public opinion.

Should the suggestion make further headway in official thinking, the important thing is that it not be allowed to go off at half-cock. Timing and presentation will be everything. The Soviets will have no incentive to make real concessions in return for our giving up a weapon system we had already decided we could not afford to build anyway. Alliance opinion will obviously have to be taken into account, and well before a formal British offer was tabled; and the attitude of the U.S. will of course be crucial. Consideration will also need to be given as to which European arms control forum would provide the best setting for the British proposal. The planned Soviet-American negotiations on theatre nuclear forces would be the obvious place if room could be found around the table for a British presence. But the multilateral conference on security and co-operation in Europe, or even the not quite moribund talks on mutual force reductions are also possibilities.

All the same it is hard to see what could be lost if the Government were to announce soon that Britain would in principle be prepared to do without a new generation of strategic nuclear weapons if the Soviet Union were to make a broadly equivalent concession.

(Professor) Ian Bellamy.
Centre for the Study of Arms Control and International Security.
University of Lancaster,
Fylde College, Bailrigg, Lancaster.

The economics of the Coal Board

From the Chairman, National Coal Board.

Sir,—Mr Martin Dickson's article on the economics of the Coal Board (October 30) requires correction in four important respects.

He alleges we are "producing too much coal at too high a cost." In fact we are producing coal more efficiently, with the lowest absenteeism on record. All the coal we have produced so far this year has been sold; and, at the half year, we were well within the financial limits agreed with Government.

He alleges we are not closing "elderly loss-making pits nearly fast enough." He admits, however that pit closures raise political and social issues, as well as economic ones. Indeed this is so—and the only way of making progress in the closure of pits which have come to the end of their effective lives (because of problems of geology or reserves) is to seek agreement at local level. This is being done within the framework of the colliery review procedure, and agreement has been reached in a number of cases in recent months.

He asks why it has taken so long to improve productivity. I will tell him. It is because for some 15 years before 1974 (the year when our Plan for Coal was launched), the coal industry had not been allowed, by successive Governments, to invest in new capacity. The pipe-line was virtually empty, and until it could be filled again, both production and productivity were bound to continue falling. Furthermore, there was a need to introduce an effective incentive scheme (which was one of the stated objectives of Plan for Coal). It took time to work this out and get it agreed. We are now getting the benefit of new and more efficient capacity, combined with the motivation of the incentive scheme.

He claims we must produce "more realistic" demand forecasts. We happen to disagree with the forecasts made by Mr Gerald Manners (whose recent book was reviewed in your columns on October 29). Mr Manners testified against us at the Belvoir inquiry and it is not surprising therefore that he takes a pessimistic view of our prospects. We also disagree with the views of brokers Quilter Hilton, which the article likewise quotes. No reference however, is made to three reports published last year which were considerably more positive than the sources quoted.

(Sir) Derek Ezra.
Hobart House, Grosvenor Place, SW1.

The Samuel Montagu management team

From Mr R. Dantzic.

Sir,—The article of October 28 on Samuel Montagu did less than justice to Mr Philip Shelbourne, the former chairman and chief executive, and his past colleagues, the majority of whom remain as members of the Samuel Montagu management team.

I was a director of Samuel Montagu during the relevant period and I know of no evidence to support the contention that the appointment of an outsider reflected unhappiness on the part of the Midland Bank with progress at Samuel Montagu. Further, the article suggests that the difficult task of welding together three quite distinct organisations in the aftermath of the problems of the secondary banks had not been particularly successful. It is quite unreasonable to draw this conclusion on the basis that Samuel Montagu "has not appeared terribly active in the international capital markets."

The fact is that not all merchant banks concentrate their efforts in the same areas and it is in my view unjust to judge Mr Shelbourne's record against the differing aspirations of Mr Gadd.

R. M. Dantzic.
Stornoway House, Cleveland Row, St James's, SW1.

UK COMPANY NEWS

Bradford Property improves

TAXABLE PROFITS of the **Bradford Property Trust**, property investment and property dealing group, improved from £3.38m to £3.64m for the half-year to October 5 1981 and the net interim dividend is being stepped up by 0.3p to 2p per 15p share—a final of 2.3p was paid last time from pre-tax profits of £6.89m.

Rental income exclusive of rates rose in the six months to £1.88m (£1.6m) but sales by dealing companies declined from £4.77m to £3.61m. The surplus from property rentals totalled £1.11m (£927,304).

Miscellaneous income was ahead at £390,860 (£194,500). Profit from property sales (dealing companies) remained static at £2.12m (£2.22m) and investment companies slipped from £62,340 to £41,812. Associated companies' losses were lower at £14,785 (£24,709).

Tax took £1.89m (£1.75m). Stated earnings per share—surplus from property rentals after tax—1.92p (1.56p) and net profit attributable to ordinary 7.13p (6.64p).

Majedie Investments

Pre-tax profits at **Majedie Investments** rose from £1.28m to £1.68m in the year to September 30 1981. This figure was after profit on sales of investments amounting to £734,473 compared with £516,195.

Gross income was up from £900,459 to £1.09m. There was a tax charge of £534,646 (£386,927). Stated earnings per 10p share rose from 4.32p to 5.18p, and net asset value per share was 99.86p 109.24p). The dividend is raised from 2.25p to 2.75p.

Lake View little changed

Pre-tax profits of **Lake View Investment Trust** were little changed at £1.65m for the half-year to September 30 1981, against £1.64m last time. Gross revenue edged ahead from £1.85m to £1.92m.

The pre-tax result was after charging expenses and interest of £270,954 (£211,264). Tax took £573,798, against £542,708.

Net asset value per share was down from 189p to £179.6 at the half year.

A higher interim dividend of 1.5p (1.2p) net per 25p share has already been declared.

Reed Intl. £11m ahead after six months

AFTER taking account of sharply higher interest charges of £6.7m, against £3.4m, and costs in respect of continuing rationalisation which rose by some £1.5m to £6.5m profits of Reed International were well ahead for the six months to October 4 1981 — the pre-tax figure emerging at £38m, compared with £27m.

At the three-month stage they were £23.1m (£11.8m) and the chairman said the results reinforced his view that he did not expect the trading environment, especially in the UK and probably overseas, to improve significantly during the next 12 months.

Sales of the group, whose interests include paper, packaging, printing, publishing (Daily Mirror), wallcoverings (Crown) and building products (Polycell), rose during the half year from £716.5m to £822.5m of which the UK and exports accounted for £629.2m (£545m) and overseas £203.3m (£171.5m).

Trading profits came through at £43.4m (£27.6m). The pre-tax surplus included share of profits of associates lower at £1.3m, compared with £2.8m.

Tax again took £8.3m and after minorities of £100,000 (£600,000) the attributable balance showed a rise from £18.1m to £29.6m.

Stated earnings per share improved by 10p to 26.1p but the net interim dividend is held at 4p per £1 share — for 1980-81 a final of 9p was paid.

Last year's interim results were adversely affected by industrial action by print workers and journalists and by losses in some papermaking and wallcovering mills which have subsequently been closed.

In the period under review activity throughout most of the UK businesses remained at a low level although the building products ... performed well. Profitability of Mirror Group newspapers was seriously affected by a ... newsprint [illegible] ... competitive market conditions for popular newspapers.

As announced in September the group is seeking to achieve a number of redundancies combined with substantial increases in productivity at Odhams (Watford) where trading losses are estimated to exceed £5m for the year ending March 31 1982.

Particularly good trading results were achieved by the publishing businesses in the U.S. and the Quebec newsprint mill in Canada. Overseas profits (at the operating level they rose from £17.8m to £21.1m) were higher as a result of improved exchange rates for both the U.S. and Canadian dollars compared with a year ago.

Current cost accounting reduces the pre-tax surplus for the half year to £16.1m (£6.8m) and on the same basis stated earnings per share were 6.7p, against a loss of 1.9p.

See Lex

TKM falls sharply to £65,000 and reduces interim dividend

POOR trading conditions and the cost of restructuring some subsidiaries resulted in a sharp fall in taxable profits of **Tozer Kemsley and Milbourn (Holdings)** for the first half of 1981, and the net interim dividend is cut from 1.59p to 0.3p.

However, the directors state that the beneficial effects of reorganisation are evident in the trend for the second half, and they point out that the high interim tax charge is disproportionate to that likely for the year as a whole.

The slump in the pre-tax surplus for the first six months was from £4.57m to £65,000. This compares with £5.52m for the last full year, when a total dividend payment of 2.385p was made.

There was a half year operating loss of £2.22m (£2.56m profit) but this was offset by a £2.29m (£2.02m) share of associate profits. Tax took £1.69m (£2.46m), leaving a net deficit of £1.62m (£2.12m profit). After minority profits of nil (£121,000), dividend costs of £161,000 (£851,000) and extraordinary debits of £905,000 (£164,000), the retained loss totalled £2.69m (£982,000 profits). *Earnings per 20p share are* stated at nil (3.7p).

This international trading and finance group is to merge its Canadian subsidiary McKee Industries with George White and Sons Inc. of London, Ontario. McKee manufactures and distributes agricultural equipment and snow blowers.

George White also manufactures and distributes agricultural sprayers, other farm equipment, and snow blowers. It generated pre-tax profits of C$13,000 in 1980. Both companies' principal markets are in North America. The newly merged company will continue to manufacture and distribute these products.

McKee operates from Elmira, Ontario, which will become the sole manufacturing base of the newly merged company. Immediately prior to the merger, McKee had net assets of C$10m.

TKM will subscribe $1m in cash for new common shares of George White, and these shares will be exchanged for 25 per cent of the new company which will be known as White-McKee. The $3m common equity of George White will entitle the shareholders of that company to a 75 per cent equity stake in the new business.

TKM states that McKee lost $3m in 1980: snow blower sales have been adversely affected by recent mild winters and the economic downturn has also damaged sales of agricultural equipment. The newly merged company will have net assets of $14m, and will benefit from a concentration of production at Elmira and consolidation of the two companies' technical and marketing expertise. A modest profit is expected in the first full year.

● comment

The first six months of 1981 could easily represent the low point in Tozer Kemsley's persistently *disappointing record.* Operating losses are £1m higher than they were in the traumatic second half of 1980. Yet there has been some progress in setting things right. Wadham Stringer is still in the red, due largely to the collapse of the commercial vehicle market, but it is not losing as much as it was. The two other disaster areas—canning and snow ploughs—have now been reconstructed. In each case the scheme has involved shutting spare capacity and reducing TKM's exposure to the truncated operation. Having lost over £1m last year, McKee has been shifted into a new 25 per cent associate company (White-McKee) which is forecast to make a profit in its first year. The reorganised TKM foods—which merged TKM's canneries with those of Imperial—has been helped into profit by the disappearance of Lockwoods. Some parts of TKM, particularly international trading and automotive franchises have stayed in profit throughout. The prospective loss eliminations thus make it credible that TKM could register a pre-tax profit of £4m or more. But the share price, at 70p, seems to be discounting rather more than a recovery.

HIGHLIGHTS

Lex looks at the stock market's reaction to the news from Longbridge, Cowley and other parts of BL's empire, particularly as the industrial relations news affected the principal components manufacturers, before going on to examine **British Sugar Corporation's** sudden raid on **Ranks Hovis McDougall**, giving it 14.7 per cent of the bread group. The column also analyses the latest report and accounts from **Dalgety**, the interim results from **Reed International** and surveys the bid made by **Trident TV** for Playboy's threatened UK gambling operations. Elsewhere, **IMI** is making a $32.5m U.S. acquisition, **Abwood Machine Tools** has a new suitor which proposed to underwrite a *one-for-one rights issue,* while profits from **Tozer Kemsley and Millbourn** have shrunk to just £65,000.

Abwood Tools cash call supersedes deal

BY CARLA RAPOPORT

Abwood Machine Tools, the troubled Dartford-based machine *tool manufacturer, has found a* new equity backer which is underwriting a rights issue which is planned to raise £225,000. The proposed cash call, announced yesterday, supersedes a deal agreed just 10 days ago with Woodrush Investments which would have injected £120,000 into the company.

The proposed one-for-one rights issue is at 7½p per share. According to Abwood, the issue is being underwritten by stockbrokers Bone, Fitzgerald but the principle sub-underwriter is Madison Investments, a Cayman Island-registered company controlled by Mr H. K. Chai, a Chinese businessman living in Malaysia.

Under the terms of the deal, Madison Investments has apparently agreed to take over 30 per cent of the enlarged shared capital if sufficient shareholders do not take up their rights.

The deal came as a surprise to Woodrush, which as of last night had not been formally contacted by Abwood. "We were in the midst of preparing the circular on our deal, when we heard the news," said Mr Denys Randolph, a former director of Wilkinson Match who formed Woodrush last year with Mr Roger Petty. "We're not doing any more work on it at the moment," he said. Mr Randolph said the company might consider improving its offer once it had studied the details of the rights issue.

Bone, Fitzgerald and Madison Investments were unavailable for comment last night.

Brown, Shipley, the UK merchant banker, is advising Abwood on the rights issue. Brown, Shipley also advised the company on the Woodrusht deal and its investment arm, Brown Shipley Developments, was due to participate in the exercise.

Under the proposed terms, which had been approved by the Abwood board, Woodrush would have controlled 32 per cent of the enlarged capital and Brown Shipley Developments would have paid £40,000 for convertible cumulative preference shares which would have given the group 11.8 per cent of the ordinary capital as enlarged by the conversion.

Mr Geoffrey Suckling, chairman of Abwood, said yesterday that the proposed rights issue was a "good deal" as it would bring in twice as much money as the Woodrush plan. "We should be hearing more from Woodrush," he said, "but this is definitely going to the shareholders. It's a better offer."

Mr Suckling said the company has over £600,000 in bank borrowings and just over £550,000 in shareholders' funds. Last month, Abwood reported a pre-tax profit of £30,383 for its financial year ended March 1981 compared with losses of £1.25m in the previous year.

If shareholders approve the rights issue, Barclays and National Westminster have agreed to convert £510,000 of overdraft facilities to Abwood and its subsidiary Precisionap, into medium term loans, repayable over a period of seven to eight years.

According to the proposed terms of the deal, if the underwriters are required to take up less than 30 per cent of the issue, they will subscribe for additional new securities in order to bring their shareholding to 30 per cent of the enlarged share capital.

If the underwriters have to take up more than 30 per cent of the enlarged share capital, the Take-over Panel's waiver of the requirement for a general offer to be made under rule 34 of the City Code will be sought. The company said yesterday that it is understood that this waiver would most likely be granted if shareholders approved the deal.

Mr Randolph said yesterday that he would be studying the offer closely today. "I'm not sure of the legal situation," he said, "but I would expect we'd get some compensation if our deal falls through."

Decline to £4m but Martonair repeats payment

A MARKED decline in profitability was recorded by **Martonair International**, the pneumatic controlled equipment maker, in the year to July 31 1981. At the pre-tax level earnings were cut from £6.1m to £4.07m.

The final dividend is repeated at 5.65p net per 20p share for a maintained total of 7.6p.

The taxable surplus—which had been £2.02m midway — was struck after sharply higher interest charges of £258,000 against £60,000. Turnover slipped from £39.12m to £36.44m, and trading profits were £4.32m against £6.16m.

Tax took £1.67m (£2.72m), with deductions of £75,000 made for minority interests last time, leaving attributable earnings at £2.4m compared with £3.31m. After the distribution to shareholders the retained profits emerge at £1.4m, down from £2.31m.

Mr R. C. Cartwright, the chairman and managing director, had warned both in his last annual statement and at the interim stage that a reduction in profits could be anticipated.

● comment

MARTONAIR'S PROFITS have fallen by two fifths in the second half of the year to July. The two main explanations are currency movements, which have cut the year's figures by roughly £900,000, and a general lack of volume in the UK and elsewhere. UK sales have fallen by a tenth in money terms, and there has been extensive short time working. There is little sign yet of a general upturn, but only about 15 per cent of the UK workforce is now on short time, and the group is confident enough to start building up its stocks a little. With currencies now moving the other way, profits could show quite a marked recovery *in the second half of* this year. Meanwhile the balance sheet remains very sound, and Martonair is retaining its technical edge: new products include electronic control systems and some simple robotics. The yield at 221p, up 6p yesterday, is 5 per cent.

Intervision Video at £31,446

TAXABLE PROFITS of **Intervision Video (Holdings)** — *formerly known as John Baker* (Insulation) — were £31,446 for the 18th months to June 30 1981 compared with £51,377 for the previous 12 months.

Mr J. R. Bentley, chairman, says that full consideration will be given as soon as practicable to the payment of a dividend for the current year. The directors believe that prospects are satisfactory and that an excellent start has already been made. They also say that the results of the past year's efforts will "be accurately demonstrated in profitability in the current year."

The directors are considering seeking permission to enter the Unlisted Securities Market. The company's shares are currently quoted under Stock Exchange Rule 163 (2).

Trading profits of the continuing business were: video business for nine months to June 30, £237,735 (nil) and sales of Stock Exchange securities, £32,273 (£119,366). Discontinued trading results were: insulation business for 11 months to November 11 1980 losses of £238,584 (£87,989).

There was no tax for the period (same), and an extraordinary credit of £11,574 (nil).

BRIT. BENZOL

British Benzol Carbonising says applications have been received in respect of 4,272,879 (90.5 per cent) ordinary shares of the rights issue.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Roberts, Adlard ......int.	2	—	—	—	8
Bery Trust	1.7	Dec 12	1.44	1.7	1.44
Bradford Prop. Tst. int.	2	Jan 4	1.7	—	4
Clement Clarke ......int	*1.27*	*Jan 1*	*1.15*	—	2.67
Ellis and Goldstein int.	0.85	Dec 12	0.85	—	2.15
Hartwells Group ... .int.	1.79	Jan 31	1.79	—	5.37
Majedie Invest.	2.75	Dec 16	2.25	2.75	2.25
Martonair Intl.	5.65	Jan 4	5.65	7.6	7.6
Reed International int.	4	Jan 5	4	—	13
Ropner Holdings ...int.	2.5	Dec 18	2.5	—	6.5
Scoteros ....int.	2.13	Jan 11	2.13	—	5.52
Sketchley ....int.	3.2	Jan 4	2.8	—	9
TKM ....int.	0.3	Jan 4	1.59	—	2.39

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues

Greenwich Cable's USM placing for 1.2m shares

A NEW "pay television" company will be coming to the Unlisted Securities Market on November 11 when dealings start in **Greenwich Cable Communications**. Brokers, Northcote and Co., are placing almost 1.2m 25p shares at 50p which will represent 51 per cent of the total issued share capital.

The placing price values Greenwich at £1.18m and Associated Newspapers Group has made a firm application for a 15 per cent stake in the proposed share capital.

The issue will raise almost £600,000 for Greenwich, which it will use to buy new equipment, finance development costs and provide additional working capital to supply an increasing number of viewers with what *the company claims is "one of* the most comprehensive cable television services in the country."

The group's assets are stated at 41½p per share and comprise 226 km of installed cable in the Woolwich, Greenwich and Plumstead areas of South-East London, 43 principal receiving and transmission sites and aerials from which relays take place and the electronic equipment (including 502 amplifiers) which affect the transmission. The group currently serves some 6,500 homes.

But the issue is nevertheless described as "speculative" since the prospects cannot be judged from the group's historic performance. The existing operations in the transmission of BBC 1 and BBC 2, ITV Southern and ITV Anglia programmes, VHF stereo radio, a decoded teletext information service and community television have been in persistent, small loss for a number of years.

But the board, headed by Mr Maurice Townend, believes that *considerable opportunities have* been opened up by the granting last September of an operators' license to provide a subscription television service by cable-broadcast relay systems.

The license has been granted by the Home Office for an initial period of two years.

Although no profit forecast has been made, and no dividends are expected for at least three years, Greenwich estimates that it will incur a net loss before tax of £2,000 if 3,000 new subscribers take its film service and swell the total number of subscribers to 8,000.

The profit and loss account, however, would be transformed on a small increase in total customers. At 9,500 accounts, Greenwich would expect to make profits of £146,000, rising to £202,000 on the basis of 10,500 clients and reaching £234,000 at 12,500 subscriptions.

● comment

Seler-TV got away to a handsome premium earlier this year and, *although there are obvious* differences in style and operation, Greenwich Cable Communications should be expecting a good USM reception. Greenwich probably has the greater asset backing—not least the cable mileage—but *lacks* the overseas fall-back that SelecTV enjoys with the Telease agency *in Europe. The potential for sub*scriber TV in this country still looks very exciting and the very tentative forecasts Greenwich is making serve to illustrate once again just how high the operational gearing in this fledgling industry will be. Given that the subscription TV licence areas are strictly defined, the viewer targets should be achieved more by successful marketing than any technical leadership. Greenwich's attempts to secure favourable terms on surefire cinematic draws and the mail shots to and feedback from its potential audience provide the key to profitable viewing levels.

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation— November 3 1981

The net Asset Value of £1 of Capital Loan Stock is 258.75p calculated on Formula 1

Securities valued at middle market prices

THE TRING HALL USM INDEX

112.0 (+0.9)

close of business 3/11/81
BASE RATE 10/11/80 100
Tel: 01-638 1591

CORAL INDEX

Close 491-496 (+13)

OIL INDEX

December Refined $44.00
January Refined $44.45

Sketchley rises £1.3m to £3.54m halfway

GREATER EFFICIENCY, the elimination of losses and substantially lower interest costs are identified as the factors which combined to increase taxable profits of Sketchley from £2.24m to £3.54m in the half year to September 25 1981 on roughly maintained turnover of £29.92m compared with £29.81m.

The interim dividend of this dry cleaner, fabric and knitwear dyer and finisher, and industrial workwear hirer is being increased to 3.2p (2.8p) net per 25p share against a total last year of 9p paid on pre-tax profits of £5.16m. Earnings per share for the six months are given as 13p (7.5p) on an SSAP 15 basis and as 11.3p (7.4p) on a full-tax basis.

Mr Gerald Wightman, chairman and chief executive, says that losses at Greaseaters—which were £936,000 last time—have been eliminated, and a favourable cash position accounted for a £529,000 fall in interest charges to £38,000.

Trading conditions "have not been easy," with the textile division making a small loss and the industrial divisions doing well to record modest increases in both sales and profits.

The benefit of management decisions taken in 1980 was now apparent, he says. While current trading conditions are still difficult the group will continue to benefit from improved all-round efficiency with a consequent effect on profitability.

Pre-tax profits were struck after depreciation of £1.26m (£1.11m) and an amount set aside for an employee profit sharing scheme of £109,000 (£89,000). Tax took £1.56m (£1.1m) and there were extraordinary credits of £57,000 (£176,000 debits) leaving attributable profits of £2.03m (£958,000).

Dividends absorb £469,000 (£426,000), including £3,000 (same) for preference shares.

Current cost adjustments reduced taxable profits to £3.05m.

● comment

With the Greaseaters debacle now over, Sketchley is ready for another go. Borrowings have been all but eliminated by a tight squeeze on costs and working capital. As a result, interest charges have nearly disappeared and the group says it is hovering around a net cash position. The UK dry cleaning business is mature; Sketchley has managed to corner a fifth of a shrinking market but further volume is doubtful. Workwear rental is where the expansion will come and it will probably take place in either the U.S. or Europe where the pickings are riper. Stripping out Greaseaters' losses in the first half of last year, Sketchley's trading profits have slipped, which puts more pressure on the group to get a healthy takeover candidate this time. Full-year pre-tax profits are likely to fall in the £6m to £6.5m range. Assuming a similar rise in the final dividend, the shares which lept 18p to 258p yesterday, have a prospective yield of nearly 6 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ambrose Investment Trust, Feedex Agricultural Industries, Fidelity Radio, Mountview Estates, P. Panto, J. Sainsbury, Sheffield Brick, Usher-Walker.

Finals—MTD (Mangula), Manganese Bronze, North British Properties, Safeguard Industrial Investments, W. A. Tyzack.

FUTURE DATES

Interims—

Control Securities	Nov 10
De Vere Hotels and Restaurants	Nov 13
Electrocomponents	Nov 9
External Investment Trust	Nov 11
Futura	Nov 9
Hill Samuel	Nov 10
LCP	Nov 17
Lloyd (F. H.)	Nov 13
London Trust	†Nov 18
Oil & Associated Invest. Trust	Nov 12
Rush and Tompkins	Nov 6
Smith (W. H.)	Nov 18
Stavely Industries	Nov 12
Takeda Chemical Industries	Nov 10
Transatlantic and Gen. Invests.	Nov 11
Young Companies Invest. Trust	Nov 9

Finals—

Brockhouse	Nov 26
Duple International	Nov 19
Equity Income Trust	Nov 18
Moss Engineering	Nov 6
Newman-Tonks	Nov 10
Samuel Properties	Nov 5
Stewart and Wight	Nov 5
Strothert and Pitt	Nov 13

† Amended.

Ellis & Goldstein higher at six months

DESPITE A reduction in turnover from £18.82m to £17.91m, taxable profits of Ellis and Goldstein (Holdings), the ladies' outerwear group, have risen from £457,000 to £511,000 for the half year to July 31, 1981.

Mr A. J. Philpott, the chairman, says that profits have benefited from the re-organisation last year of the company's factories. Further, but relatively smaller, changes will be implemented in the second half of this year, the net cost of which is not expected to be very significant.

He says an increase in the value of retail sales has been offset by the lower value of wholesale sales—a reduction attributable to the current economic circumstances.

The first-half sales pattern has continued. But the last three months are critical to the outcome of the whole year, Mr Philpott states, and no prediction is possible.

Tax for the half year was £7,000 higher at £152,000. Stated earnings per 15p share rose from 1.23p to 1.55p, while the net interim dividend is unchanged at 0.85p—the total payment last time was 2.15p on pre-tax profits of £1.24m.

Ropner drops to £2.8m at midterm

PRE-TAX profits of Ropner Holdings have dropped from £3.22m to £2.83m for the six months to September 30, 1981, on lower turnover of £12.42m, compared with £14.48m.

Mr. W. G. D. Ropner, the chairman, says however, that second-half profits are expected to be higher than the first six months provided that certain contracts for the sale of properties are concluded by the year end. A record £6.32m pre-tax surplus was reported for the last full year.

Half-year profits from engineering activities fell from £2.1m to £1.62m. Airtech's profit from electronics and telecommunication equipment increased, but this was insufficient to offset lower earnings from other engineering companies.

The property side showed a loss of £60,000 (£318,000 profit). Only one small property development was completed and sold in the six months leaving expenses unrecovered.

Shipping profits were lower at £699,000, against £775,000, but the comparative figure included £77,000 relating to the group's holding in Stag Line which has since been sold. Excluding this item, the shipping contribution was therefore virtually the same.

Insurance broking profits advanced from £43,000 to £188,000, while investment income was more than doubled at £659,000 (£322,000).

On prospects, the chairman reports that shipping results will be affected by the currently depressed freight market. However, insurance broking continues to do well, investment income remains at a high level and an increased contribution is expected from engineering.

With stated earnings per 25p share down slightly at 9.6p (10p) the interim dividend is being kept at 2.5p net—the previous total payment was 6.5p.

Interest payable for the period was down from £340,000 to £275,000. Tax, including provision for deferred tax, took £1.39m (£1.68m) and there were minority debits of £29,000 (£65,000). An extraordinary credit of £177,000 this time arose from the sale of a ship.

Net available profits showed a rise from £1.48m to £1.59m, of which the dividend absorbs £369,000 (same).

● comment

Ropner has not carried on its rapid growth of the last two years, but in a wet summer—amid crumbling freight tariffs—it is a reasonable performance to fall only 12 per cent short of 1980's interim profit. The bulk of Ropner's growth in recent years has come from its engineering side, and although Hozelock and Greenwood had a subdued period (sufficient to reverse the trend) Airtech is still progressing well. The long-charter business has provided stable bread-and-butter earnings from shipping, but spot prices have fallen by 45 per cent in the last six months, so the Stonepool is not contributing much jam. A new £45,000 ton bulk carrier to be commissioned in January looks as if it will start at an unhappy stage in the cycle. The shares have fallen by about 15 per cent since the preliminary figures in July, even after yesterday's 7p recovery to 181p, where the yield is 5 per cent. Assuming scheduled property sales go through in the second half and Airtech stays on track, Ropner should match its 1980 profits. That suggests an undemanding fully taxed p/e of 8½.

Moben Group back to profit with £1.95m

WITH THE second half producing profits at the pre-tax level of £1.01m, compared with a loss of £865,000, Moben Group moved sharply back into the black for the full year to August 31 1981, returning taxable profits of £1.95m, against a deficit of £3.83m.

In their interim statement the directors said that results were ahead of internal forecasts and current indications were that profits before tax for the full year would exceed £2m.

Turnover of the group, whose principal activity is the manufacture, sale and installation of kitchen, bedroom and other furniture, declined from £36.14m to £34.24m for the full year, although the comparative figure included £10.1m from discontinued operations.

Tax took £250,000 (£296,000 credit) and after extraordinary debits last time of £7.08m the attributable profit emerged at £1.7m, against a loss of £10.61m.

Stated earnings per share were 3.9p (loss 11.8p) but the directors say for historic reasons there was a deficit on group reserves which prevents the payment of a dividend.

However, they are giving consideration to the available options which will enable the group to return, as soon as possible, "to the dividend paying position which current profitability and cash flow justify"—the last payment was a final of 0.864p net per 10p share which made a total of 1.5p for 1978/79.

Commenting on the past year, the directors say the group achieved its prime objectives of reporting a satisfactory level of profit and substantially reducing its borrowings.

They point out that the year's performance is best reflected in the group balance sheet where bank borrowings have been brought down by £2.75m to a closing balance of £3.66m.

On a CCA basis the pre-tax surplus is reduced to £1.69m.

Moben Group was formerly known as Kitchen Queen Group.

● comment

Moben's new management has done much of what it set out to do. Re-vamped and rationalised, the group is now based on a more cohesive structure which is generating cash. But, while the profits target has been all but achieved, the share price is likely to remain highly volatile. A great deal of stock has come out of the company over the last year, or less, which has swamped the buying interest from recovery and small business funds. Moben, moreover, will have to do a great deal more to correct its balance sheet and, thereby, resume dividend payments. The forthcoming accounts, therefore, will be equally as interesting as this p and l. They are expected to show issued share capital of £4.35m—following loan note conversion during the year—and a deficit on total reserve of £4.8m. Some form of reconstruction must now be on the cards but in the meantime, for all that installations and orders remain encouragingly stable, the shares are still swinging on either side of par value.

CLRP Inv. revenue downturn

Net revenue, after tax, of C.L.R.P. Investment Trust fell from £608,899 to £569,304 in the year to August 31 1981, but the final dividend is being maintained at 1.9p net per 25p share, making a same again total of 3.5p. Earnings ar egiven as 3.94p (4.22p) per share, and net assets are 146p (117p).

Tax took £253,163 (£307,852). Gross revenue was £1.15m (£1.2m)—last year's included non-recurring dividends of £62,864. Excluding these dividends earnings per share were stated at 3.91p.

Scotcros falls £0.6m but maintains interim

ALTHOUGH overseas activities improved their performance, overall pre-tax profits of Scotcros declined from £1.01m to £0.43m for the six months to September 30 1981. Sales of the group, which has interests in food, wine, packaging and engineering, improved from £17.14m to £17.88m.

Stated earnings per 25p share are down from 10.32p to 3.04p, but the interim dividend is being maintained at 2.1315p net — the previous year's total payment was 5.519p on taxable profits of £1.51m.

The board says that economic conditions in the UK in the past 12 months have made trading difficult, with falling order books leading to lower activity levels coupled with customer resistance to sales price increases.

Since the summer, however, the trading situation appears to have stabilised and the board is confident that the group's strong balance sheet, wide spread of activities in the UK and France, and heavy investment programme in plant and machinery, together provide a strong base for future profitability.

In the UK, profits dived from £809,000 to £252,000, on higher sales of £12.07m (£11.39m), but the board says that the effect of the recession on individual group companies varied widely.

The food division performed strongly both in farm supplies and wines, but the engineering side continued to be affected by low customer demand. The period was particularly difficult for the packaging companies, with low demand and severe pressure on margins hindering a return to profitability.

While there is a continuing programme of re-equipment to meet the changing needs of customers and to reduce operating costs, the board says some improvement in the difficult trading conditions must precede any substantial improvement in margins.

Overseas profits increased from £463,000 to £558,000 from sales of £5.81m (£5.75m).

After deducting tax of £191,000 (£237,000) and minorities of £15,000 (£42,000) attributable profits came to £225,000, compared with £735,000. Preference and ordinary dividends absorb £161,000 (£162,000) leaving the retained balance at £64,000, against £573,005.

Hampton Tst. rises 267% at midyear

Higher net rental income and interest receivable together with a profit on foreign currency transactions enabled Hampton Trust to more than treble its profits in the first half of its current year.

For the period to September 30 1981 the pre-tax figure emerged 267 per cent higher at £110,379, compared with £30,054, and after a £15,000 tax charge (nil) the net balance came through at £95,379, a rise of 217 per cent.

Equity earnings per 5p share increased from 0.19p to 0.54p.

At gross revenue level, net rental income was £67,909 (£76,550) and interest receivable rose £4,469 to £63,351. A £60,812 profit was made on foreign currency transactions.

Total investment in the Ohio gas wells amounted to £142,644 and a further £16,000 is required to complete the six-well programme

A total of £174,730 was expended on Western Australian oil and gas exploration permit EP 100, in Perth Basin. The company's application to the Australian Foreign Review Board for consent to purchase a 3.5 interest in the permit is still being considered.

Principal activities of the group are the holding of investment property, receiving of lease rents and prospecting fees, mineral, oil and gas exploration and investment in stocks and shares.

Profit jump at Tysons

Taxable profits of construction engineer, Tysons (Contractors) jumped from £65,217 to £448,124 for the half year ended June 30 1981 on turnover ahead at £12.14m compared with £10.81m.

No tax figure is given (£4,000) and earnings per 10p share are shown as 8.96p against 1.22p.

Last year the Liverpool-based company paid a same-again 2.1175p net dividend from pre-tax profits of £155,676.

English Prop. at £2.6m

Pre-tax revenue of the English Property Corporation, property investment and development subsidiary of Olympia and York Developments of Canada, amounted to £2.6m for the year ended June 30 1981, compared with £1.7m for the previous eight months.

There is no dividend, against 11.29p last time, and after tax credits of £1.8m (£200,000) revenue was boosted to £4.4m (£1.9m).

New Sylhet in profit

Pre-tax profits of £26,664 are reported by New Sylhet Holdings for 1980, compared with losses of £18,887 the previous year. Turnover rose from £228,101 to £276,553. Tax took £22,491 (£3,520 credit) after which stated earnings per share were 1.67p (loss 8.27p). A dividend of 3.5p per £1 share is being paid.

The dividend will be paid "as and when sufficient funds are received from Bangladesh."

BIDS AND DEALS

Mr Holmes à Court buys more ACC non-voting shares

BY JOHN MOORE

UK STOCKBROKERS, Hoare Govett yesterday continued to buy non-voting shares in Associated Communications Corporation—the entertainments conglomerate headed by Lord Grade—on behalf of interests of Mr Robert Holmes à Court, the Australian entrepreneur.

On the London stockmarket the shares of Associated rose 8p to 61p.

Hoare Govett have been instructed by Mr Holmes à Court to purchase about 10m shares in Associated's non-voting shares. The purchases, made in the name of TVW Enterprises, a broadcasting associate of Mr Holmes à Court's Bell Group, could increase the Australian entrepreneur interests in Associated from around 30 per cent to 50.1 per cent. The share buying operation could cost over £5m.

So far no details have been revealed on the stake which has been acquired in the latest round of buying by Mr Holmes à Court. Hoare Govett said yesterday: "We have been advised to say nothing until authorised to do so."

Mr Holmes à Court is in London staying in a hotel near the Associated head office but was not available for comment yesterday.

A statement from his business interests concerning the Associated share buying, which was expected yesterday, is now expected later this week.

It is understood the brokers have been instructed to buy the shares subject to a certain limit on price—thought to be 60p per share.

Lord Grade, who holds 27.6 per cent of the important voting shares, said yesterday that Mr Holmes à Court had not asked for a seat on the board. "If he did I would certainly consider him favourably but it would have to be put to the full board. I would certainly welcome him. He's like lightning."

On Monday, when asked whether Mr Holmes à Court would receive any of the important voting shares, key blocks of which are held by the Associated board, Lord Grade said: "I should not think so."

Lord Grade was reported yesterday as saying that Mr Holmes à Court had "made it quite clear he does not want voting shares."

SPAIN

November 3	Price %	+ or −
Banco Bilbao	330	
Banco Central	324	
Banco Exterior	308	
Banco Hispano	315	
Banco Ind Cat.	117	
Banco Santander	384	
Banco Urquijo	216	+3
Banco Vizcaya	352	
Banco Zaragoza	220	+4
Dragados	154	+8
Espanola Zinc	70	
Fecsa	71.2	−1.0
Gal. Preciados	37.5	−1.5
Hidrola	82.5	+3.3
Iberduero	61	+1
Petroleos	106	
Petroliber	82	
Sogefisa	51	
Telefonica	80	+0.8
Union Elect.	76.2	+1.2

Christine Moir examines the conflicting aims and attitudes of British Sugar, Berisford and RHM

Three sides of a triangle prepare to square up

IF ANYONE understands the tangles of an unwelcome bid it must be British Sugar. Only now is it coming to terms with the 40 per cent shareholding owned by S. and W. Berisford—a legacy of the 15-month long, messy and bitterly resented series of bids from the international commodity trader.

So it was no wonder that even after a month of ambiguous policy statements in which the *name of Ranks Hovis McDougall* kept cropping up, and yesterday's market raid which flushed out 14.7 per cent of the baking and grocery group's shares, British Sugar was still trying to be politic and reassuring.

It would be seeking discussions with RHM and Berisford "during the next few weeks" and meanwhile had "not yet decided" whether to make a full bid for RHM, was all the board wanted to say yesterday.

Those talks will be crucial if British Sugar hopes to go any *further in buying RHM*—and there is no one who thinks it wants to tie up £28m in a mere trade investment over which it has no influence.

First, RHM and British Sugar are very much the same size. Indeed, after yesterday's share price adjustments they were both valued at £195m. So taking over RHM against its will could only be expensive and messy.

Second, British Sugar has no spare unissued shares with which to make such a purchase and clearly could not find the cash.

In any case a deal this size, under Stock Exchange rules, requires shareholder approval. And that is where Berisford comes in. With 40 per cent of the shares Berisford is in a very good position to block approval for a bid or a cash-raising exercise.

Berisford would give its approval only after close appraisal of detailed propositions. It has its own shareholders to consider. Its present holding *in British Sugar amounts to* more than 40 per cent of the £184m price tag the market puts on the whole of Berisford.

Yesterday Berisford said it would be unfair to make any comment on British Sugar's move until after the talks, but there was an ominous rider.

"We have never looked at RHM as a possible purchase," said Mr Gordon Percival, a director of Berisford. "There is nothing there that attracts us. RHM is a solid company which needs a lot of capital injecting into it, *without much prospects* for growth."

RHM has been struggling unsuccessfully for five years to get back to the £40m pre-tax profits it reported for 1975-76. After a good first half last year, when the taxable surplus went up from £16m to £22m, the board hoped for a "small improvement in the second half." It did not materialise. Profits for that period dropped from £17.36m to £11.8m, leaving the year as a whole down by £1.4m to £32m.

Since the year-end RHM has *been busily de-gearing by means* of sales of assets. Its head office fetched £20.5m. Wessex Finance was sold for £9.8m, but more importantly this removed £25m of debt from the balance sheet. Year-end debt of £140m could therefore have come down by £50m or so.

In the half-year to February profits did rise some £900,000 to £21.66m at the pre-tax level.

RHM refuses to provide financial information on its trading divisions so it is difficult to see whether the closures, stream*lining and new investment* in the British Bakeries side has begun to show up in improved returns on capital.

However, analysts believe that more capital spending is badly needed and returns are still low. Like Spillers before it, which was driven out of bread baking by over-capacity among the three giants, RHM must hang upon decisions by Associated British Foods, the clear market leader, before it can win much needed price rises.

The grocery business is a dif*ferent matter. There RHM is an* established brand leader with a basket of products such as Bisto, Saxa Salt and Scots Porrage Oats, as well as new growth products such as the "cracotte" crispbread recently launched.

Last year's savage destocking by grocery retailers may have come to an end. The same upturn can not be seen, however, in RHM's other main business, animal feedstuffs and agricultural supplies, where deep depression still lingers.

These are the factors which British Sugar must evaluate against its own declared intention of diversifying, so as to reduce its vulnerability to the political and climatic vagaries of the beet sugar industry.

Berisford's bid went the full gamut of Monopolies Commission reference, dawn raids, impassioned defences and increased offers between April 1980 and last June. A month later came the cutting of British Sugar's umbilical cord to the Government.

The Government's holding of *24 per cent* had hampered British Sugar from embarking on major diversification. That holding was sold at 305p a share in July, a second time for British Sugar. It had just forecast a profit growth to £49m in the year to the end of September, from £38.17m the year before, and promised to raise its dividend from 18.4p to 22p net. Shortly afterwards it was able to announce a good if unspectacular harvest season.

This has kept its share price relatively buoyant and certainly within a comfortable distance of the 355p of Berisford's bid, despite Berisford's warning of a collapse in the wake of a bid. Before yesterday's RHM raid the share price had been 333p. During the day it slid down to 318p but recovered to 325p.

What happens next will depend on whether Berisford can be persuaded that British Sugar will benefit by diversifying into baking, groceries and agricultural products, and whether RHM sees a better future within British Sugar than alone. It was, after all, the decision which British Sugar had to make when Berisford called so insistently.

Boosey and Hawkes acquisition

Boosey and Hawkes, the music publisher and musical instrument *manufacturer, has announced the* completion of its £4.5m acquisition of Buffet Crampon International (BCI), a U.S.-controlled group which manufactures musical instruments in France and West Germany.

The merger should triple sales for Boosey and Hawkes to more than £25m next year and widen the UK group's product line beyond its well-known brass band instruments.

"Boosey and Hawkes now has a full line of brass, woodwind, and stringed instruments appealing to all grades of player from professional to student," said Mr Michael Boxford, group chief executive.

The acquisition is being partly financed by a property deal which should net £4.1m. The company incurred taxable losses last year of £146,000 but climbed back into the black in the first six months of this year.

Admitting that the company's financial performance has not been strong, *Mr Boxford said* that the BCI acquisition will allow Boosey and Hawkes to penetrate the important U.S., Japanese and European markets.

"Ten years ago, half of our production in the UK went to the U.S.," said Mr Boxford. "Now the sales to the U.S. are negligible. We hope to correct this."

BCI's best known product is the Buffet clarinet.

SONESTA/GROVEBELL

Staxford, a subsidiary of Sonesta Investment Company, has disposed of 540,000 shares in Grovebell Group, leaving its holding at 4,160 shares.

Further U.S. acquisition planned for IMI at cost of $32.5m

IMI, THE Midlands-based metals refiner and *fabricator*, has entered into an agreement in principle to acquire the Cornelius Company of Minneapolis, a U.S. designer and manufacturer of beverage dispensing systems, in a deal worth $32.5m.

The move is part of MI's plans for expansion in the U.S. and it is the group's second U.S. purchase this year. In July it was announced that the group had reached agreement in principle to acquire Control Components International, a division of Babcock and Wilcox, itself a subsidiary of McDermott Inc.

Under the latest deal IMI is offering Cornelius shareholders $16.5 per share of common stock, valuing the entire company at $32.5m.

The agreement is subject to the negotiation and execution of a definitive merger agreement containing customary terms and conditions, including the approval of the Cornelius shareholders.

It will also be subject to the negotiation and execution of a non-competition and consulting agreement satisfactory to IMI which will assure Cornelius of the continuing availability of the consulting services of Mr J. F. Paulucci, the present largest shareholder of Cornelius, and Mr J. W. Gobel, its former chairman and chief executive officer.

For the financial year ending October 31, 1980, Cornelius *reported sales of $56m*, and net profits of $3.3m and net assets of $21m.

Cornelius and IMI are already equal shareholders in a number of manufacturing and selling companies in Europe, known collectively as the IMI Cornelius Group, annual sales of which are some $33m.

IMI said yesterday the Cornelius acquisition would significantly expand its operations in the drinks dispensing equipment market in which it had had a joint venture with Cornelius.

SHARE STAKES

Richardsons Westgarth and Co.—Following changes to directors' direct and beneficial holdings in its ordinary shares Mr G. E. Darwin, chief executive, disposed of 78,952 shares on October 29 and repurchased the same number on October 30. Mr A. E. Hepper, director, has increased his holding from 1,000 to 26,000 shares.

Rowntree-Mackintosh — Eagle Star Insurance Company is no longer interested in 6 per cent first cumulative preference shares as a result of a sale on October 22. Norwich Union Life Insurance Society, following the recent acquisition of 95,000 6 per cent first cumulative preference shares are now interested in 150,000 shares (15 per cent).

RCF Holdings — Bardsey's wholly owned subsidiary, London and European Assets, has acquired 44,009 ordinary shares, making its holding 866,745 (10.46 per cent).

Brasway—The following transactions by directors are notified: Mr A. K. Adams has acquired 3,000 shares, increasing the holding in his name to 7,000 shares.

Mr J. E. Blakstad has acquired 3,000 shares, increasing the holding in his name to 14,000.

Mr R. A. Swaby has disposed of 21,200 and Mrs A. R. Swaby has disposed of 2,800 shares, thus reducing the holding in his name to 634,159.

Of the 24,000 shares disposed of, 6,000 were acquired by Messrs Adams and Blakstad as stated above, 15,000 by senior executives of the company and the remaining 3,000 were sold on the open market.

Norcros — Norwich Union Insurance Group has increased its holding from 4,055,261 to 6,058,450 (6.262 per cent). Owing to agency error the word Norwich was omitted from yesterday's report.

JEAVONS SHARES FOR IRON TRADES

Iron Trades Employers Insurance Association has recently acquired as beneficial owner, 210,000 ordinary shares in Jeavons Engineering and now holds more than 5 per cent. *According to the company's* ledger, the number of shares now totals 400,894.

KCA INTERNATIONAL

Mr P. L. H. Bristol the chairman of KCA International and KCA Drilling Group sold 77,777 ordinary shares in the former and 25,000 in the latter, on October 28.

UNILEVER

Discussions have been taking place between Unilever's subsidiary, Synthetic Resins, and Scott Bader Company, a major company in the resins industry.

The talks are expected to lead to the acquisition of Synthetic Resins by Scott Bader.

LONDON TRADED OPTIONS

Nov. 3 Total Contracts 1920. Calls 1457. Puts 463.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	240	78	55	90	—	—	—	316p
BP (c)	260	63	35	72	—	—	—	"
BP (c)	280	44	17	54	2	—	—	"
BP (c)	300	30	105	40	15	52	—	"
BP (c)	320	18	103	—	—	—	—	"
BP (c)	330	—	—	35	20	35	—	"

C=Call P=Put

Nasco control sold by Stewart Wrightson

Stewart Wrightson Holdings, the insurance broker, is reducing its shareholding in Nasco Karaoglan (Bermuda), parent company of the Nasco Karaoglan Group, from 51 per cent to 40 per cent for a consideration of $500,000.

The shares will be acquired by Mr Maurice Karaoglan and Mr Saba Nader, Stewart Wrightson's partners in the Bermudan company, who at present own 49 per cent of Nasco Karaoglan. The transaction will increase their shareholding to 60 per cent.

Stewart Wrightson will also grant an option to Messrs. Karaoglan and Nader to acquire up to a further 20 per cent of the share capital for a maximum $900,000.

Shareholders will be asked for their approval at an extraordinary general meeting on November 26.

The deal will remove any constraints from the growth of Stewart Wrightson or of Nasco, who are underwriting agents and brokers, and to provide sufficient shareholding interest to the Karaoglan and Nader families.

The transaction will change the status of Nasco from a subsidiary to an associate of Stewart Wrightson. The impact on the level of profits attributable to the latter's shareholders will not be material.

HOWDEN STAKE GROWS

Alexander and Alexander Services, the second largest insurance broker in the world, has built up its stake in Alexander Howden, the UK insurance broker which it is seeking to take over, to 5.78 per cent. On Monday De Zoete and Bevan, acting for Alexander and Alexander, bought another block of 100,000 shares at 143p, bringing Alexander's stake to a total of 5,275,000 shares.

Sturla accounts qualified

THE 1980-81 accounts of Sturla Holdings, *the finance and leasing* group, have been qualified by the auditors in respect of the repayment of loans made to former subsidiaries, Sturdy Finance and AES Television Service.

The auditors, Stoy Hayward and Co., point out that the repayment terms of the loans to the two former subsidiaries are conditional upon the performance of those companies. However, the conditions necessary to cause the first repayments of these loans were not fulfilled and the loans outstanding have *been reduced by the amount of* £111,000, which has been written off as an extraordinary item.

Further repayments are dependent upon the future results of both companies and the auditors have been unable to obtain information to enable them to express an opinion as to whether the remaining balance of these loans amounting to £1.27m will be recoverable in full.

In accordance with the agreement to sell the group's shares in Sturdy Finance, an inter-company balance of £1.3m was converted into an interest-free loan secured by a charge over all assets of the company, subject only to an existing charge in favour of Cayzer.

In his statement with the accounts, Mr Robert Knight, the chairman, stresses that the Sturla group is fully secured by a charge in the form of a debenture, subject only to the existing charge in favour of Cayzer and secured upon the total assets of Sturdy which *amount to a gross* figure of around £3m.

Group pre-tax profits for the year ended January 31 1981 showed a sharp increase from £20,000 to £231,000.

Funds employed at the year end amounted to £5.39m, compared with £2.1m previously. In May this year, the group acquired First Guernsey Securities Trust, a publicly quoted investment trust with net assets of around £1.3m by an underwritten exchange of shares. This resulted in an increase in the group's net asset base to some £2.68m which has substantially increased its ability to fund and finance additional leasing and finance business.

Total funds employed have grown from the year-end figure to £6.68m with the consolidation of First Guernsey and then to £14.24m at the end of July. Currently total funds employed are in excess of £18m against total borrowings of £13m.

In order to continue this major growth rate, the group has arranged further substantial bank credit lines for long-term funds which are utilised on a cash flow matching basis to the maturity of its leasing and other contracts.

The chairman says the very high quality of these contracts and their risk free covenants has enabled the group to receive indications from leading City institutions that in principle they would be prepared to make facilities available of up to £55m

Guinness Peat agrees Britannia Refining sale

Guinness Peat has agreed to sell, for £2.3m, Britannia Refining Company, the last of its industrial investments, to Acatos and Hutcheson (A and H), a private group in the edible oils and fats business.

The Birkenhead-based Britannia processes vegetable oils and lard and employs around 200 people. In 1979/80 it made its first loss and in 1980/81 made a trading loss of £500,000. At April 30, 1981 it had net assets of £2.8m before deducting inter-company items.

Guinness Peat will receive £1m *in cash payable on completion*, which is scheduled for mid-November, together with the issue of £800,000 5.5 convertible loan stock 1991 in A and H. The final £500,000 is payable in cash on May 8 1982. On conversion, Guinness Peat will own less than 10 per cent of A and H's capital.

The combination of Britannia with A and H's subsidiary, PL Group (Foods) will enable it to offer the retail trade and manufacturing industry a comprehensive range of edible oil and fat products from two major production units in London and Birkenhead.

TRING HALL DEAL

Tring Hall Securities has acquired for an undisclosed sum the Bristol-based Templegate Industrial Securities, a licenced dealer in securities and specialist in merger broking.

The agreed purchase represents "a first major step in establishing regional representation for Tring Hall," said Mr Denis Poll, its founder and managing director. It "supports our belief that the smaller to medium size business is currently inadequately served in matters relating to corporate finance."

GEORGE OLIVER

Cazenove and Co. on November 2 purchased 20,000 George Oliver (Footwear) ordinary shares at £1.01 on behalf of the trustees of George Oliver (Footwear) Limited Pension Fund.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$425	1	15	2	38 B	—	—	$420
GOLD C	$450	—	—	6	22	—		"
GOLD C	$475	—	—	200	12	2	28	"
GOLD P	$400	17	2.50	—	—	4	12.50	"
GOLD P	$425	—	—	1	18.50	—	—	"
		Dec.		March		June		
GM C	$45	—	—	20	1¼	—	—	$38¼
		Jan.		April		July		
ABN C	F.300	20	3	—	—	—	—	F.284
AKZO C	F.20	7	2.80 B	15	3.40	—	—	F.21.30
AKZO C	F.22.50	20	1.50 A	—	—	—	—	"
AKZO C	F.25	—	—	8	1	—	—	"
AMRO C	F.55	—	—	16	2	—	—	"
KODA C	$70	10	2	—	—	—	—	$66¼
HEIN C	F.50	23	1	—	—	—	—	F.45.70
HEIN C	F.55	—	—	10	1	—	—	"
HOOG C	F.15	—	—	35	1.70	—	—	F.14.50
HOOG P	F.15	—	—	15	1.50 B	—	—	"
HOOG P	F.17.50	20	3.70	—	—	—	—	"
IBM C	$55	—	—	10	5	—	—	$55⅛
KLM C	F.90	14	10	8	16	—	—	F.95
KLM C	F.100	119	6.80	—	—	—	—	"
KLM C	F.110	96	4.20	15	8	—	—	"
KLM C	F.120	74	2.10	21	5.80	—	—	"
KLM C	F.130	105	1.20	—	—	—	—	"
KLM C	F.150	18	0.50	—	—	—	—	"
KLM P	F.80	15	1.70	17	3.60	—	—	"
KLM P	F.90	123	4.50	12	7	—	—	"
KLM P	F.100	32	10.50 B	—	—	—	—	"
KLM P	F.110	17	19	—	—	—	—	"
NEDL C	F.150	12	4.10	49	9	—	—	F.142.30
NEDL P	F.130	35	1.70	—	—	—	—	"
NEDL P	F.140	8	4.20 B	—	—	—	—	"
NATN C	F.115	—	—	10	2.90	—	—	F.108
NATN P	F.110	11	4	—	—	—	—	"
PHIL C	F.17.50	100	3.10	—	—	12	4	F.19.50
PHIL C	F.20	137	1.10	10	2.10	11	2.20	"
PHIL C	F.22.50	98	0.50	141	0.90	—	—	"
PHIL C	F.25	—	—	20	0.50 A	—	—	"
PHIL C	F.27.50	30	0.20	—	—	—	—	"
PHIL P	F.17.50	60	0.40	—	—	—	—	"
PHIL P	F.20	66	1.60 B	10	1.90	19	2	"
PHIL P	F.22.50	—	—	—	—	20	3.50	"
RD C	F.70	—	—	10	20	—	—	F.84.30
RD C	F.80	166	6.10	31	11.70	20	13	"
RD C	F.90	115	3	32	6.10	—	—	"
RD C	F.100	73	0.90	124	2.90	—	—	"
RD P	F.70	20	0.80	52	2	10	2.30	"
RD P	F.80	293	2.50	—	—	—	—	"
RD P	F.90	66	7	—	—	—	—	"
UNIL C	F.140	35	7.50	—	—	—	—	F.143.10
UNIL C	F.150	40	3.20	—	—	—	—	"
UNIL C	F.160	14	1.10	9	3	—	—	"
UNIL P	F.130	35	1.30	—	—	—	—	"
UNIL P	F.140	10	4.50	—	—	—	—	"
		Nov.		Feb.		May		
SLUM C	$60	10	1⅛	—	—	—	—	$56⅝
VW C	DM.140	—	—	10	3	—	—	DM126

TOTAL VOLUME IN CONTRACTS 3255

A=Asked B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	15½%	Grindlays Bank	‡15½%
Allied Irish Bank	15½%	■ Guinness Mahon	15½%
American Express Bk.	15½%	■ Hambros Bank	15½%
Amro Bank	15½%	Heritable & Gen. Trust	15½%
Henry Ansbacher	15½%	■ Hill Samuel	§15½%
■ Arbuthnot Latham	15½%	C. Hoare & Co	†15½%
Associates Cap. Corp.	16 %	Hongkong & Shanghai	15½%
Banco de Bilbao	15½%	Knowsley & Co. Ltd.	16½%
BCCI	15½%	Lloyds Bank	15½%
Bank of Cyprus	15½%	Mallinhall Limited	15½%
Bank of N.S.W.	16 %	Edward Manson & Co.	16½%
Banque Belge Ltd.	16 %	Midland Bank	15½%
Banque du Rhone et de la Tamise S.A.	16 %	■ Samuel Montagu	15½%
Barclays Bank	15½%	■ Morgan Grenfell	15½%
Beneficial Trust Ltd.	16½%	National Westminster	15½%
Bremar Holdings Ltd.	16½%	Norwich General Trust	15½%
Bristol & West Invest.	17 %	P. S. Refson & Co.	15½%
Brit. Bank of Mid. East	15½%	Roxburghe Guarantee	16 %
■ Brown Shipley	16 %	E. S. Schwab	16 %
Canada Perm't Trust	16 %	Slavenburg's Bank	15½%
Cavendish G'ty T'st Ltd.	16 %	Standard Chartered	‖15½%
Cayzer Ltd.	16 %	Trade Dev. Bank	15½%
Cedar Holdings	16 %	Trustee Savings Bank	15 %
■ Charterhouse Japhet	16 %	TCB Ltd.	15½%
Choulartons	16 %	United Bank of Kuwait	15½%
Citibank Savings	¶15 %	Whiteaway Laidlaw	16 %
Clydesdale Bank	15½%	Williams & Glyn's	15½%
C. E. Coates	16 %	Wintrust Secs. Ltd.	15½%
Consolidated Credits	15½%	Yorkshire Bank	15½%
Co-operative Bank	*15½%		
Corinthian Secs.	15½%		
The Cyprus Popular Bk	15½%		
Duncan Lawrie	15½%		
Eagil Trust	15½%		
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	15½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 14%, 1 month 14.25%. Short term £8,000/12 months 16.80%.

† 7-day deposits on sums of £10,000 and under 13½%, up to £50,000 14%, and over £50,000 14½%.

‡ Call deposits £1,000 and over 13½%.

§ Demand deposits 14%.

‖ 21-day deposits over £1,000 15%.

¶ Mortgage base rate.

UK COMPANY NEWS

Roberts Adlard static

A MODEST rise of £5,000 to £555,000 in pre-tax profits is reported by Roberts, Adlard and Company, builders' merchant and allied trades, for the half-year to June 30, 1981. Turnover, however, was down from £7m to £6.4m.

At the year-end, the chairman said there was no sign of any upturn in demand for the group's products and services at that time. He said profit margins were under pressure and it was difficult to predict the outcome for 1981.

The directors now say that trading in the second half continues at an acceptable level, although there is no improvement in profit margins.

After tax down from £182,000 to £171,000, stated earnings per 25p share increased from 7p to 7.67p. The interim dividend is unchanged at 2p, last year's total was 5p from pre-tax profits of £982,000 (£950,000).

Berry Trust earns and pays more

Total income of the Berry Trust climbed from £1.04m to £1.66m for the year ended August 31, 1981, while pre-tax profits moved ahead from £359,028 to £472,506.

After tax of £195,186 (£151,598) earnings per 25p share are stated as up from 1.55p to 1.79p diluted and from 1.55p to 1.8p undiluted. The dividend is raised to 1.7p (1.4375p) net per share.

After consulting a leading merchant bank, the board has revised the method of valuation of the 36 per cent holding in G. T. Management and this is now included at £2,322,600 (£342,319).

Net asset value per share increased from 136.7p to 209p.

YEARLINGS RATE DOWN

The interest rate for this week's issue of local authority bonds is 15½ per cent, down ¾ of a percentage point from last week. The bonds are issued at par and are redeemable on November 10 1982.

A full list of issues will be published in tomorrow's Financial Times.

Improved margins aid 32% jump by Hartwells halfway

A COLLAPSE in the commercial vehicle market was offset by improved margins in other areas for Hartwells Group, bringing a 32.1 per cent revival in first-half taxable profits from £766,000 to £1.01m.

The distributor of vehicles, bulk fuel oil and heating services is repeating its interim dividend for the period to August 31 1981 at 1.759p net per 25p share.

Mr F. S. Huggins, the chairman, cautions that it is not possible to forecast results for the current half with any precision, although the board is confident that the outcome will be satisfactory, provided industrial disputes do not disrupt supplies.

Earnings per share are given as 8.5p (6.5p) before tax and 4.9p (3.1p) after. Last year the distribution to shareholders totalled a maintained 5.367p net on a taxable surplus cut from £2.86m to £1.5m.

Sales this time were somewhat lower overall at £75.66m compared with £77.38m. This reflects a £2.7m fall in commercial vehicle turnover which brought trading profits for the sector down £200,000.

Better margins were achieved with passenger cars and car parts on sales there which showed little change. Turnover for car servicing was also similar. This advance mitigated a fall in profitability by the oil company.

Hartwells' pre-tax profits were enhanced by greatly reduced charges above the line for interest and stock finance, at £332,000 against £759,000. Tax took £526,000, up from £398,000.

Mr Huggins observes: "With a renewed swing towards higher interest rates it would appear that the recovery of the economy is going to be slow indeed."

The company took steps in the preceding six months to reduce overheads as well as interest charges, and the favourable effect of the measures began to be noticed in March and April this year.

Clement Clarke slips to £683,000: lifts interim

TAXABLE PROFITS of Clement Clarke (Holdings) slipped from £694,000 to £683,000 in the first half of 1981, on turnover higher at £6.51m compared with £6.18m.

The interim dividend is being raised to 1.2675p (1.1525p) net per 25p share absorbing £81,120 (£73,760). Last year a total of 3.665p was paid on pre-tax profits of £1.33m. Earnings per share for the six months are given as 6.19p (6.42p).

Mr John H. Clarke, chairman, says the group—whose activities include those of dispensing ophthalmic and manufacturing opticians—maintained its trading position well "in these difficult times" and that any predictions for the second half must be cautious.

There are signs of increased activity in the optical retail sector, and activity in the instrument sector is good with several large overseas contracts in the course of completion. Mr Clarke expects the optical prescription factory to advance its profits by the end of the year. "I feel we should maintain our position and produce an acceptable final results," he says.

During the six months under review the retail optical companies suffered from depressed consumer spending, added to which they had to absorb rises in rates of 19 per cent and rents of 27 per cent. The optical prescription company, however, continued to trade profitably with sales up nearly 12 per cent and profits up by 28.6 per cent.

The group's optical and surgical instrument companies performed well both at home and overseas. Clement Clarke International was slightly ahead on sales, and produced a satisfactory net profit, Mr Clarke says. John Weiss and Son continued to increase its market share, with sales up 20 per cent.

Titaghur plunges to £321,000

A DRAMATIC decline in the overseas demand for jute goods, coupled with substantial increases in the cost of labour, stores, power and fuel, has resulted in the Titaghur Jute Factory Company reporting pre-tax profits well down from £3.53m to £321,000 for the year to December 31 1980. No dividends on preference or ordinary shares are being paid—the last payment was in August 1972.

A breakdown of the pre-tax profits shows Indian operations produced £396,000 (£3.57m) and in the UK subsidiaries had nil profits (£38,000 loss) and the associated company, A. and S. Henry and Co. (Dundee), incurred a loss of £75,000 (nil). The losses from A. and S. Henry, a 49 per cent associate, include costs of termination of its jute spinning operations.

In his previous annual review, Mr H. J. Silverston, the chairman, drew shareholders' attention to the uncertainties in the working of the Indian jute industry. He now says the position has further deteriorated since December 1980. It is not expected that the UK companies' result for the six months to June 30 1981 will show any improvement.

The group's proposals for Indianisation of the business of the company and its two UK-based subsidiaries operating in India, are being considered by the Government of India. It is expected that the Government's approval to such proposals would be forthcoming before the end of 1981.

Because of the poor working in 1980-81, and no sign of an improvement in demand for finished products, the directors are unable, at this stage, to make any forecast when dividends will be resumed.

Turnover in India for the year was down from £15.76m to £13.57m. In the UK it was nil (£1.55m).

There was a tax charge of £2,000 (nil)

BRIT. SIDAC

For 1980, British Sidac made a pre-tax loss of £773,000. Yesterday's paper gave the result as a profit of £222,000, and took no account of exceptional debits of £995,000.

MINING NEWS

Wankie still waiting for deal on coal prices

BY GEORGE MILLING-STANLEY

ZIMBABWE's ONLY coal producer, the Anglo American Corporation's Wankie Colliery, is still trying to reach agreement with the country's government on coal pricing policy. A decision is also awaited on the ultimate size of a new thermal power station to be built close to the mine.

Earlier this year, Wankie sought an increase in prices for domestic sales of coal and coke under the terms of its coal price agreement with the government, which was renegotiated in mid-1980, but these were refused pending a further renegotiation of the agreement, reports Toby Hawkins from Salisbury.

Wankie said in its annual report that the rapid resolution of the problem is vital. The coal price agreement forms an integral part of the arrangements between the company and the financial institutions which have provided long-term loans to finance the expansion of the mine in order to service the new power station.

Mr Maurice Nyagumbo, Zimbabwe's Minister of Mines, said yesterday that a draft bill to set up a state-controlled mineral marketing agency will be put to parliament early next year. He added that close co-operation with the producing companies will be necessary in the operation of the legislation.

The company added that the deficiency in terms of the agreement, which guarantees Wankie a pre-tax return of 12.5 per cent on domestic sales, had risen to Z$7.2m (£5.3m) at August 31 from Z$1.2m a year ago.

Sales during the past year were also depressed, falling 17 per cent to 2m tonnes, the lowest level for 27 years. This was attributable in part to the loss of a contract to supply the South African steel concern Iscor.

The annual report also provides details of the undertakings Wankie had to make to local banks, a consortium of international banks, the Exim Bank of the U.S. and the International Finance Corporation (an agency of the World Bank) in order to secure the Z$87m it needs in loans to finance the expansion of the colliery.

This information is somewhat belated, as the loan agreements were signed nine months ago.

These undertakings include restrictions on dividend policy, and a pledge to raise more than Z$9m in new equity by the end of 1981.

One of the restrictions on dividends is that payments shall not exceed 12 cents a share until an agreed project completion date, which is a little academic in view of Wankie's interim of 3 cents and absence of a final for 1980/81.

As far as the new capital is concerned, a successful rights issue looks like a non-starter in the current state of the Zimbabwe market, and the only viable alternative would seem to be a further injection of funds from the group's South African parent, Anglo American.

Iron producer in India to naturalise

THE ITALIAN steel producer Finsider plans to offer shares in its mining subsidiary in India, Sesa Goa, to the Indian public in order to comply with the provisions of the country's Foreign Exchange Regulation Act, reports K. K. Sharma from New Delhi.

Sesa Goa is to offer 2.2m shares of nominal value of 10 rupees (59p) at 12.50 rupees a share. This will reduce the foreign participation in the company to 40 per cent.

The company owns 21 mining concessions spread over almost 4,000 acres in Goa, south-western India, with proven reserves of more than 100m tonnes of iron ore. It has been earning steady profits in recent years from exports.

Mr Prakash Tandon, the chairman, said he expected the company to be able to maintain a dividend of 15 per cent this year.

Gopeng and Pengkalen

THE Malaysian tin-producing Gopeng Consolidated reports an estimated net profit for the year to September 30 of £3.18m compared with £4.66m in the previous 12 months. Although the group received a higher tin price in the latest period, its output of tin concentrates fell to 1,697 tonnes from 1,922 tonnes in 1979-80.

The small Pengkalen saw a sharper fall in tin concentrate output in the year to September 30 with the result that there is an estimated loss for the period of £235,000.

This goes against a profit of £75,889 in the previous year after a £217,838 depreciation charge against the bridge and road deviation work.

The lower output resulted from the sinking of the company's dredge in January of this year. As already reported, it was refloated and resumed operations in June. The cost of the salvage has been included in mining expenditure but the latest results take no account of the insurance claim for £155,000.

ROUND UP

"Sound profit growth for some years ahead" is the expectation of Mr Grahame Mapp, chairman of the Australian Oakbridge group. In the annual report he says that production of saleable coal in the past year to June 30 to 1.97m tonnes is expected to grow to 5.5m tonnes by the end of 1984. Projections are for sales of 2.7m tonnes in the current financial year, 4.2m tonnes in 1982-83 and 5.3m tonnes in 1983-84.

* * *

Despite the sharp fall in third quarter profits America's Asarco international mining and metals processing group is maintaining its regular quarterly dividend of 35 cents (18.7p). A stake of 16 per cent in Asarco is held by Australia's MIM Holdings.

Falconbridge Nickel's poor third quarter

INEVITABLY, the depression in world economic conditions severely hit Canada's Falconbridge Nickel in the third quarter which tends to be adversely affected by seasonal factors at the best of times.

But, unlike Inco, Falconbridge at least managed to stay in the black with a net profit of C$645,000 (C$287,000), equal to 13 cents per share. This compares with C$7.79m in the previous three months and C$8.65m in the third quarter of last year.

During the past quarter the company's nickel sales decreased by 21 per cent from those of the preceding three months, costs rose and metal prices fell.

Mr H. T. Berry, the chairman, says that nickel prices were under "intense pressure" because of depressed consumer demand and available supplies of cheap metal from the Soviet Union and several of the smaller producers.

He expects that markets will remain soft, at least through the current quarter.

For the first nine months of this year Falconbridge's earnings amount to C$17.17m or C$3.15 per share, compared with C$61.52m in the same period of 1980 when there was also an extraordinary gain of C$27.7m on the sale of the company's shareholding in Canadian Superior Oil.

The latest total is reached after absorbing a C$9.69m increase in losses at Falconbridge Dominicana. Total loans made to the latter now amount to US$29.7m (of which $17.8m has come from Falconbridge) and Mr Berry says that further financial support will be required by the South American organisation.

OIL TRACES IN BHP BASS STRAIT WELL

Indications of oil have been encountered in the Yellowtail No. 1 well drilled by the BHP-Esso partnership in the Gippsland Basin of Australia's Bass Strait, off the coast of Victoria.

Cores cut between 2,414 and 2,437.5 metres recovered sand stones with oil indications from the interval 2,414 to 2,426.5 metres.

Yellowtail No. 1 has reached its target depth of 2,571 metres. Logging and wireline tests are currently being run to further evaluate the reservoir.

MARATHON SHAREHOLDER REJECTS OFFER

SEDCO says Mobil bid inadequate

BY PAUL BETTS IN NEW YORK

SEDCO, the Texas oil drilling company with the largest single block of Marathon Oil shares, said yesterday it regarded Mobil's $3.4bn bid for two-thirds of Marathon's stock as "inadequate."

Mobil is offering $85 a share for up to 40m Marathon shares as the first stage in a two-step plan to acquire the seventeenth largest U.S. oil company.

But Mr Gill Clements, President of SEDCO, which has accumulated this year a block of nearly 7 per cent of Marathon shares, said that Wall Street analysts had indicated that the value of Marathon shares was between $120 to $140.

Marathon shares only traded briefly on the New York Stock Exchange on Monday. After a delay they opened at $88 or $20½ higher than Friday and closed at $90 a share. Trading was again delayed yesterday morning, but when the share finally opened it traded $3 lower at $87.

Heavy buying of Marathon shares and stock options before before Mobil anonunced its bid is now under investigation by both the Securities and Exchange Commission and the American Stock Exchange. But at this stage at least, there does not appear to be much evidence of insider trading.

Throughout this year's unprecedented takeover wave in the U.S. oil industry, there has been a major controversy concerning possible insider trading in takeover stocks. The latest row involves the $2.5bn proposed acquisition of Santa Fe International by the Kuwait Petroleum Corporation.

As the battle for Marathon continued to heat up yesterday, Mobil was seeking to dissolve a Federal court order temporarily restraining it from advertising or dissiminating information about its $85 a share bid. The temporary restraining order was won by Marathon in a Federal court in Ohio on Monday.

Mobil, the second largest U.S. oil company, yesterday claimed in court that the restraining order damaged small shareholders who were not able to receive information about its offer.

Mobil said large institutional investors had already received the offering material over the weekend before the order was issued. But the offering material could not be mailed in time to small shareholders.

Further extensive lay-offs at Boeing

By Our New York Staff

BOEING, the leading U.S. aircraft manufacturer, is planning to lay off an additional 1,300 people before the end of the year.

The company has already laid off 2,000 workers this year and expects to dismiss an additional 2,000 to 3,000 people during the first six months of 1982.

Boeing, which reported a 34 per cent decline in third quarter profits to $92.3m, said yesterday that the lay-offs were necessary because of declining production of its existing commercial aircraft. At the same time airlines, bedevilled by dire financial problems, were unable to step up orders for Boeing's new generation of commercial aircraft.

Of these aircraft, a Boeing official said yesterday there were 173 orders for the new Boeing 767 and 136 orders for the 757. In the case of existing aircraft, the production rate of the 747 was expected to drop from six aircraft a month in 1980 to four-and-a-half a month this year and to two-and-a-half a month in 1982. As for the 727s, the average is expected to drop from 11 aircraft a month last year, to eight aircraft a month this year and to two a month in 1982.

In the case of the 727s, however, the declines also reflect the phasing out of this line which is being replaced by the new generation 757 and 767.

Boeing has only been able to partly offset the decline in commercial aircraft orders with its military business. In the past, rather than resorting to lay-offs, this group has switched people from commercial operations to military programmes.

SCM reorganisation

SCM, the diversified consumer and industrial products manufacturer, is to reorganise its Durkee foods division and to sell or close one of its two edible oil refineries, Reuter reports from New York. The move will result in a one-time charge of about 25 cents a share against earnings in the current quarter. The reorganisation involves the conversion of about $20m of assets.

$150m Eurobond for Canadian electric utility

BY ALAN FRIEDMAN

A $150m, 10-year, Eurodollar bond was launched yesterday for Ontario Hydro, the Canadian utility. Deutsche Bank is managing the issue, which carries a 16 per cent coupon.

The Ontario bond offer was the only new fixed interest issue despite the fact that Monday's strong market suggested the possibility of further borrowers coming to the Eurodollar market. It was a quiet day in this sector as investors hedged their bets ahead of today's scheduled U.S. Treasury bill auction.

In Paris, Credit Commercial de France said the 17¼ per cent coupon on the recently launched $75m issue for Newfoundland and Labrador Hydro had been cut to 17¼ per cent because of the buoyancy of the market. The price has been fixed at 100¼, suggesting a yield of 17.19 per cent.

A $75m floating rate note for the Banque Nationale de Paris was said to have been arranged as a private placement by Morgan Stanley. The issue is understood to carry a 5¼ per cent minimum coupon.

In the D-mark foreign bond sector a DM 100m, 10-year, issue has been launched through Deutsche Bank for the Inter-American Development Bank (IADB). The bonds carry a 10¼ per cent coupon and are priced at 99 to yield 10.41 per cent.

The D-mark foreign bond sector was around ¼ point weaker last night.

In Zurich the foreign bond market was up ¼ of a point on average on the back of promising U.S. moves such as the Fed's cut in the discount rate.

A SwFr 100m issue was launched for Japan Air Lines through the Union Bank of Switzerland. The 10-year bonds carry an indicated coupon of 7¼ per cent.

A SwFr 50m 10-year issue came through the Nordfinanz Bank for Norges Hypotekforening, the Norwegian mortgage association. Indicated coupon is 7¼ per cent.

Swiss Bank Corporation is arranging a SwFr 30m six-year private placement for Natomas, the U.S. energy group. The coupon is 8¼ per cent.

● Euroclear, the bond clearing house, has announced reductions in some of its fees from December 1. Fees for bridging to CEDEL, the other major bond clearing house, will be reduced from $10 per $100,000 tranche to $5 flat per transaction. The $2.50 cancellation of instruction fee dwill also be eliminated.

Mr Ian Sirrers, Euroclear chairman, last night promised more reductions in the next six months. Mr Joe Galazka, managing director of CEDEL, said: "I welcome Euroclear's lowering of the fees to our level."

Downturn in Columbia Pictures profits

By Our Financial Staff

EARNINGS turned lower in the first quarter of this financial year at Columbia Picture Industries, but the board expects that television licensing revenues from "Charlie's Angel's" will make "an important contribution" to profits in the second quarter.

In the opening quarter, earnings slipped from $16.8m to $10.3m, or $1.27 a share—but the directors comment that last year's first quarter benefited from the licensing of the television series "Barney Miller," which provided about $41m of the $186.2m revenues for the quarter. This year's first quarter revenues were $171.1m.

The company said that higher interest costs, mostly due to increased borrowings to fund share repurchases in February, had cut the latest quarterly profits.

The feature film division had excellent results, mostly due to the film "stripes" and by the recognition of revenues from the licensing of "Close Encounters of the Third Kind—Special Edition" to ABC-TV.

D. Gottlieb, the amusement game subsidiary, continued to suffer from competition from video games.

However, Gottlieb has shown signs of improvement since its recent introduction of new pinball game machines.

The company said it looks forward to the U.S. release in December of the films "Neighbors," starring John Belushi and Dan Aykroyd, and "Absence of Malice," with Paul Newman and Sally Field.

Genentech to test five products

BY LOUISE KEHOE IN SAN FRANCISCO

GENENTECH, the California bio-technology company that is developing recombinant DNA methods of producing hormone-type substances, has been granted approval by the U.S. National Institute of Health to scale up production of five of its latest products.

This will allow the company to begin preliminary testing of the product, in appropriate animal or clinical trials. The substances approved include two types of interferon—the drug that is currently undergoing clinical trials as a treatment for cancer.

Also approved were a porcine growth hormone to increase growth in pigs, a vaccine for foot and mouth disease, and human calcitonin, a hormone which may prove useful in treating an inflammatory bone disease.

The company said its first products—insulin for treatment of diabetes and a human growth hormone—are in advanced stages of clinical trials and are expected to be approved for general use by 1983-85, depending upon Federal Drugs Administration approval.

Genentech reported a small net profit for its last fiscal quarter of $245,000, or 3 cents per share on revenues of $6.1m obtained through research contracts. The company is not yet marketing any of its product.

NY Insurance Exchange growth

BY JOHN MOORE

THE NEW YORK Insurance Exchange, the U.S. answer to Lloyd's of London, could be accepting $100m in insurance premiums by the end of this year, instead of the estimated $60m-$80m.

The latest projection was given by Mr John Bogardus, chairman of Alexander and Alexander, the U.S. insurance broker, in London during an address to the Chartered Insurance Institute.

"This is still small in world terms," said Mr Bogardus, "but enough to command attention especially to the degree it represents non-insurance related new capital."

● Fred S. James, the major U.S. insurance broker, reported continued erosion of its net profits. They fell 5.7 per cent in the third quarter to $4.69m, or 52 cents a share, from $4.97m or 55 cents a year earlier.

This brought the nine-months net earnings to $14.98m, or $1.66 a share, 8 per cent down on last year's $16.34m.

Mr Charles O'Malley, chairman, said profits continued to be hit by insurance rate competition and the effect of inflation on operating expenses.

"Both direct and reinsurance new business remained strong throughout the nine months and the quarter."

Revenues rose 22 per cent in both the latest quarter and nine months to $60m and $183.6m respectively.

The company said that Wigham Poland, its London operation, contributed $29m to revenues in the nine months and $8m in the third quarter. It contributed to profits in the nine months but made a slight loss for the quarter.

● Jefferson-Pilot, the eighth largest stock life insurer in the U.S., reported a small increase in third quarter operating profits to $24.7m, or $1.14 a share, from $22.5m, or $1.03, a year earlier. Nine months operating profits were $74.2m against $67.4m.

● Kemper Corporation, a major Illinois-based insurer, reported operating profits of $22.9m, or $1.74 a share in the third quarter, up from $19.2m, or $1.51, a year earlier. This brought nine months operating profits to $62.2m, against $62.1m.

Revenues were $510.8m against $338.3m in the quarter, and $1.4bn against $1.02bn in the nine months.

Kemper said operating profits from property-casualty insurance improved in the third quarter but remained below the year earlier level for the nine months.

Reinsurance operating earnings for the nine months slipped to $1.06 a share from $1.08 while life insurance contributed $1.26 against 90 cents. Total nine months operating profits were $4.75 a share against $4.94

Honeywell to close plant

BY OUR NEW YORK STAFF

HONEYWELL, the large U.S. computer group, plans to close one of its manufacturing plants and lay off 400 workers

Mr James Pompa, general manager of Honeywell's small systems and terminals division, said that although the dollar value of shipments continued to rise, unit orders were not meeting the company's expectations.

This was the result of what he called "prevailing unfavourable economic conditions throughout the world." Honeywell said yesterday it will close over the next five months its plant in Northboro, Massachusets.

The decision to close the Northboro plant reflects the general problems of leading U.S. computer manufacturers, many of which have seen sharp falls in third quarter earnings performances due largely to foreign currency translation losses

GE Credit sells $500m bonds

By Our New York Staff

GENERAL ELECTRIC Credit Corporation, the finance subsidiary of the large electrical company, yesterday sold $500m of 20-year bonds, apparently hurrying to take advantage of the recent drop in U.S. interest rates.

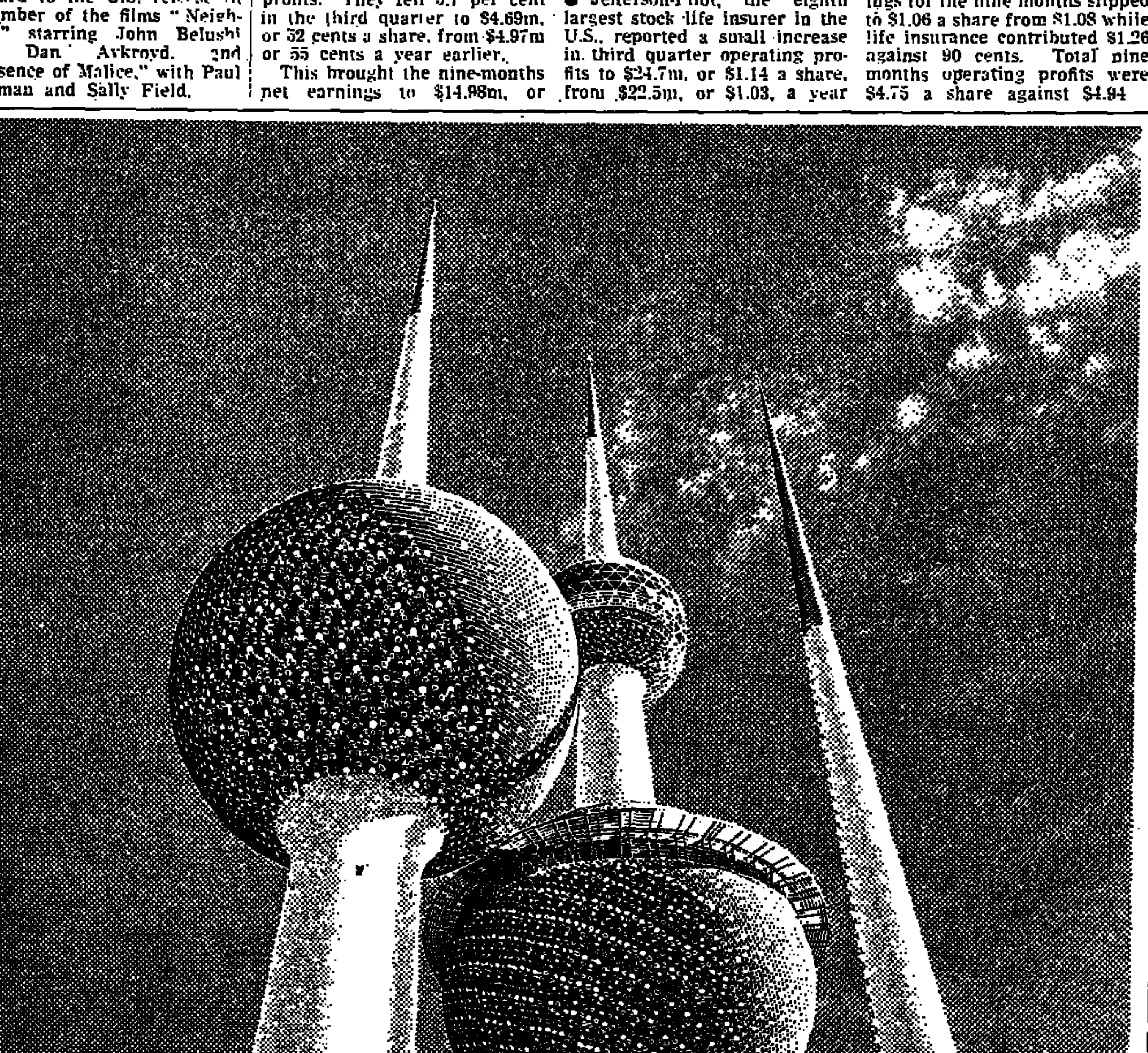
It was the largest corporate bond issue on the U.S. capital markets since Shell Oil sold $500m of debt on June 9

The issue was of the "deep discount" variety, which means it carried a low coupon of 5.5 per cent and was priced at 37.924 to produce the required yield 15.8 per cent. The bonds are rated Triple A.

As a result GE Credit will only realise about $190m from the sale. But various technical features of deep discount bonds make them easier to sell than regular bonds in the present market.

General Motors repeats dividend

General Motors has declared a regular quarterly dividend of 60 cents a share, payable December 10 to stockholders registered on November 12, Reuter reports from Detroit. GM, which reported a loss of $468m for the third quarter, was widely believed to be considering a cut in the final quarter payment. The quarterly dividend brought the company's total payments for the year to $2.40 a share, compared with $2.95 in 1980.



The Towers of Kuwait – restaurant and water reservoir – grow out of the seashore of the country with the highest per capita income in the world.

U.S. QUARTERLIES

AMERICAN STANDARD	1981 $	1980 $
Third quarter		
Revenue	578.5m	633.0m
Net profits	18.6m	37.1m
Net per share	0.68	1.34

CHAMPION SPARK PLUG	1981 $	1980 $
Third quarter		
Revenue	188.4m	194.3m
Net profits	†2.68m	9.06m
Net per share	†0.07	0.24
Nine months		
Revenue	620.0m	605.3m
Net profits	18.61m	29.16m
Net per share	0.49	0.78

CHARTER CO.	1981 $	1980 $
Nine months		
Revenue	3.7bn	3.2bn
Net profits	28.7m	30.9m
Net per share	0.86	0.95

EMERY AIR FREIGHT	1981 $	1980 $
Third quarter		
Revenue	149.3m	136.8m
Net profits	4.22m	4.28m
Net per share	0.27	0.27
Nine months		
Revenue	440.3m	410.3m
Net profits	16.15m	15.02m
Net per share	1.04	0.97

GENERAL REFRACTORIES	1981 $	1980 $
Third quarter		
Revenue	99.9m	120.4m
Net profits	†13.53m	714,000
Net per share	†3.57	0.18
Nine months		
Revenue	306.2m	358.7m
Net profits	†9.44m	4.85m
Net per share	†2.50	1.26

GREYHOUND CORPORATION	1981 $	1980 $
Third quarter		
Revenue	1.26bn	1.26bn
Net profits	43.93m	43.45m
Net per share	0.97	0.98
Nine months		
Revenue	3.52bn	3.51bn
Net profits	105.6m	85.2m
Net per share	2.35	1.92

HALLIBURTON	1981 $	1980 $
Third quarter		
Revenue	2.24bn	1.82bn
Net profits	191.5m	129.1m
Net per share	1.62	1.09
Nine months		
Revenue	6.155bn	5.13bn
Net profits	490.1m	360.4m
Net per share	4.16	3.06

INTERNORTH	1981 $	1980 $
Third quarter		
Revenue	741.6m	588.0m
Net profits	28.33m	14.69m
Net per share	0.63	0.32
Nine months		
Revenue	2.62bn	2.13bn
Net profits	185.2m	169.2m
Net per share	4.13	3.76

JOHNSON CONTROLS	1980-81 $	1979-80 $
Fourth quarter		
Revenue	325.6m	270.5m
Net profits	15.2m	11.2m
Net per share	1.08	0.80
Year		
Revenue	1.13bn	964.9m
Net profits	48.1m	34.0m
Net per share	3.45	2.43

RAMADA INNS	1981 $	1980 $
Third quarter		
Revenue	110.2m	99.0m
Operating profits	†32.8m	5.5m
Operating per share	1.20	0.20
Nine months		
Revenue	303.1m	278.4m
Operating profits	†24.4m	27.0m
Operating per share	†0.94	0.34

WASHINGTON POST	1981 $	1980 $
Third quarter		
Revenue	175.3m	152.5m
Net profits	†440,000	2.51m
Net per share	†0.03	0.18
Nine months		
Revenue	535.4m	474.2m
Net profits	14.33m	18.94m
Net per share	1.02	1.35

† Loss

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday November 16.

Closing prices on November 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	98⅞	99⅛	0	0	16.72
APS Fin. Co 17¼ 86	60	103	103½	+0¼	+3	16.23
Br. Colum. Hyd. 16¾ 88	100	98⅞	99⅞	+0⅛	+0⅛	16.34
Br. Colum. Mfa. 17 97	54	101¾	102¼	+0¼	+0⅜	16.63
CIBC 15⅝ 86	75	97	97½	+0⅜	+2	16.05
CIBC 16¾ 91	100	100	100½	0	+2⅛	16.68
Citicorp Int Fin 15 86	150	96⅞	97⅜	0	+1	15.84
Citicorp O/S 15½ 84	175	100¾	101¼	0	+1¼	14.89
Citicorp O/S 16¾ 86	150	101	101½	+0⅛	+1½	16.31
Cities Service 17 88	150	103¾	104¼	+0⅛	+1½	16.00
Con Illinois 14¾ 84	100	96⅞	97⅜	+0⅛	+1⅛	16.02
CPC Fin 16¾ 86	50	103⅜	103⅞	+0⅛	+1⅛	15.59
EEC 14¼ 93	65	91	91½	+0⅛	+1⅞	16.44
EIB 16½ 88	100	99¾	100¼	+0¼	+1¼	16.46
EIB 16⅝ 91	100	99¾	100¼	+0½	+2½	16.75
Finland Rep. of 9½ 86	100	78¾	79¼	+0¼	+1½	16.57
Ford Cr. O/S Fin 16 85	150	97¼	97¾	+0⅛	+1¼	16.91
GMAC O/S Fin 14¼ 87	100	93⅜	93⅞	−0⅛	+1⅛	16.50
GMAC O/S Fin. 16½ 84	300	99¾	100¼	−0⅛	−0⅛	16.50
Gulf States O/S 17½ 88	60	102⅜	102⅞	−0⅛	+2⅛	16.80
Hiram Walker 16 86	50	100	100½	0	+2⅛	15.83
IBM Wld. Trade 14⅜ 84	100	101	101½	−0⅛	+1	14.04
IBM Wld Trade 14¾ 85	60	100⅞	101⅜	−0⅛	+1⅛	14.27
Nat. Bk. Canada 15¾ 84	40	†97¾	98¼	+0¼	+1⅛	16.11
Nat. Bk Canada 16½ 88	40	†98⅝	99⅛	+0⅛	+1⅛	17.49
New Brunswick 17 86	60	102½	103	+0⅛	+2	16.28
Newfoundland 17¼ 89	60	102¾	103¼	0	−0⅛	16.52
Nova Scotia 15 91	75	93½	94	0	+2⅛	16.27
Ohio Edison Fin. 17½ 88	75	100⅞	101⅜	0	+2½	17.19
Pacific Gas Elec. 16 88	75	101⅜	101⅞	−0⅛	+1⅛	15.54
PSNH Int. Fin. 17 86	30	100½	101	0	+2	16.69
Quebec Hydro 17¼ 91	150	102¼	102¾	0	+2	16.73
Shell Canada 15¾ 91	100	99	99½	−0⅛	+1⅛	15.88
Sth California 14¾ 88	50	94¾	95¼	+0¼	+1⅛	15.96
Swed. Ex. Cred 15¾ 86	50	96⅛	96⅝	−0⅛	+1⅛	16.85
Tenneco Int 17 89	100	103½	104	+0½	+1⅛	16.11
Transcanada 17¼ 88	75	103¾	104¼	0	+1⅞	16.69
Walt Disney 15¾ 86	100	99¾	100¼	+0½	+2⅛	15.70
Wells Fargo Int 15½ 84	50	100¾	101¼	+0⅜	+1⅛	14.95
Winnipeg 17 86	50	102¾	103¼	+0⅛	+2⅛	16.10
World Bank 14½ 86	500	93⅞	94⅜	+0⅛	+2⅛	16.19
World Bank 16 86	210	99¾	100¼	0	+2⅛	15.96
World Bank 16 88	80	98¼	98¾	+0⅛	+1⅞	16.31
World Bank 16½ 86	130	100¼	100¾	+0½	+2⅛	16.31
World Bank 16½ 88	100	100¼	100¾	0	+3	16.35

Average price changes. On day +0 On week +1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97½	98	+0⅛	+0½	10.39
Asian Dev. Bk 10¾ 89	100	100¾	101¼	+0¼	+0¼	10.55
Austria, Rep of 8¾ 92	150	88½	89¼	+0⅛	0	9.96
Belgelectric 11 91	100	100⅝	101⅛	+0½	+0⅛	10.82
CECA 10 91	120	100	100½	+0⅛	+0⅜	9.92
Council of Europe 10 91	100	97¾	98¼	+0⅜	+0⅜	10.32
Council Europe 10¼ 91	100	99⅜	99⅞	+0⅛	+0⅞	10.33
EIB 8½ 90	200	89¾	90¼	+0⅛	+1⅛	10.23
EIB 10½ 91	200	100¼	101	+0⅛	+0⅛	10.37
ESCOM 9¾ 87	100	93½	94¼	0	+0⅜	10.69
Finland, Rep. of 10 88	100	96¾	97½	+0⅛	+0⅛	10.55
Ind. Bk. Finland 8½ 90	50	89⅜	89⅞	0	+0⅜	10.35
Int.-Am. Dv Bk 10 91	100	98¾	99¼	+0¼	+0⅞	10.20
Japan Air Lines 8¼ 87	100	93¾	94¼	+0¼	+0⅞	9.63
Japan Dev Bk 7¾ 87	100	91	91½	−0⅛	+0⅞	9.62
Midland Int. Fin 8½ 90	180	90⅞	91⅜	0	+0⅞	10.02
Mrt. Bk. Dnmk. 10½ 91	100	97¾	98½	−0⅛	−0⅛	10.82
Nat. West 11 91	125	102⅞	103⅜	−0⅛	−0⅛	10.49
OKB 10⅛ 91	150	98⅜	98⅞	+0⅛	+0⅛	10.37
Renault Acc 10⅝ 86	150	98¾	99¼	−0⅛	+0⅛	11.04
Swed. Exp. Crd 10¼ 91	100	98	98½	−0⅛	−0⅛	10.52
Venezuela R of 9¾ 90	150	94⅛	94⅞	+0⅛	+0⅛	10.73
World Bank 11 91	100	101¾	102½	−0⅛	−0⅛	10.63

Average price changes. On day +0 On week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	†93	93½	−0⅛	+0⅞	7.51
BFCE 6½ 91	100	†91	92	0	+0½	7.81
Bayer Int Fin. 5¼ 92	100	89⅞	90⅛	+1⅛	+2⅛	6.56
Belgelectric Fin 7¾ 91	100	100½	100¾	+0⅜	+1⅛	7.65
Bergen, City of 6¾ 91	40	†97	97½	+0¼	+1	7.15
CECA 6¾ 91	80	93	93¾	−0⅜	+0⅜	7.79
Dome Petroleum 5¾ 91	100	88¼	88½	+0⅛	+1⅛	7.53
Dome Petroleum 7¾ 90	100	101⅛	101⅜	+0⅛	+2⅛	7.05
Elet de France 5¼ 90	100	†85½	86	−2⅜	+0⅞	7.50
Eurofima 5¾ 92	80	†88	89	+3⅛	0	7.31
Finland, Rep. of 5⅝ 90	80	87	87¼	+0⅛	+1⅞	7.69
Franc Petroles 6½ 91	80	90½	91	−0⅛	+0⅛	7.92
Genstar 7 91	100	99⅞	100⅛	+0½	+0⅜	6.99
Int. Amer. Dv Bk. 7 91	100	96	96¼	−0¼	+2¼	7.58
I/S Elsam 8½ 91	30	102½	102¾	+0⅞	+1	8.10
Japan Dev Bank 5¾ 90	100	†91½	97¼	+0½	+0⅜	6.98
Mt Blanc Tunnel 5½ 90	60	86	86¼	+1	+1½	7.72
Neder Gasunie 8 91	100	104¼	104½	+0⅛	+1½	7.37
OKB 7 93	100	97⅜	97⅞	−0⅛	+0½	7.29
Oslo, City of 8 91	100	104¼	104½	+1¼	+2½	7.37
Swed Ex Credit 7¼ 91	75	96¾	97	+3⅜	+3½	7.72
Trade Dev Fin. 6¾ 90	50	90½	90¾	+0⅛	+1⅜	7.81
Voest-Alpine 5¾ 90	80	86	87	+0¼	+0⅛	7.92
World Bank 6 91	100	88¾	88⅞	+0⅛	+1	7.74
World Bank 7 90	100	98	98½	−0⅛	+0⅞	7.26
World Bank 8 91	100	102½	102¾	+0⅜	+2	7.81

Average price changes. On day +0⅛ on week +1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bk 8¼ 91	15	97	98	0	+0½	8.63
Australia 6½ 88	20	85⅞	86⅞	0	+0½	9.36
EIB 7¾ 89	12	93¾	94¼	0	+0⅛	8.79
Finland 8 8 88	10	86¾	87¾	0	+0⅛	9.52
Finland Rep. of 8¾ 87	15	95¾	96¾	0	−0⅛	9.27
New Zealand 8¼ 87	15	96⅞	97⅞	0	+0⅛	8.97

Average price changes. On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 13½ 85 C$	50	90	91	0	0	17.20
CIBC 11½ 85 C$	60	84	85	0	0	17.46
Federal Dev. 11½ 90 C$	60	†77½	78½	+0½	+1	16.38
Federal Dev 17¾ 86 C$	40	†100½	101½	−0½	+2	17.43
Fst. Can. Inv. 10 84 C$	50	85½	86½	+0½	+0½	17.17
GMAC (Can) 18 87 C$	60	†104½	105½	+0½	+1	16.58
Tordom Cpn. 13½ 85 C$	30	†96	97	+0	+2	14.75
M Bk. Dnmk 8 91 EUA	25	†78¾	79¼	0	+0⅛	12.77
SOFTE 8¼ 89 EUA	40	†74½	75½	0	0	[illegible]
U Bk. Nwy 9½ 90 EUA	18	81	82	−0⅛	+0⅛	13.27
Algemene Bk 10¼ 88 Fl	60	94	94½	0	+0⅛	[illegible]
Amro Bank 12 86 Fl	75	98⅞	99⅜	0	+0⅛	12.21
Heineken NV 10 87 Fl	100	93¼	93¾	+0⅛	+1	11.63
Nat. Nedrlndn. 10 88 Fl	80	93⅞	94⅜	+0⅛	−0⅛	11.34
Ned. Midd Bk 10 85 Fl	75	95½	96	+0⅛	+0⅛	11.40
Pierson 10¼ 86 Fl	50	92¾	93¼	0	+0⅛	12.44
Rabobank 12 86 Fl	50	99½	100	+0⅛	0	12.03
Air France 14¼ 86 FFr	200	91¾	92¾	+0⅛	0	17.07
Bk. America 14½ 86 FFr	250	91⅞	92⅞	+0⅛	+0⅛	16.98
Charb'nages 13¾ 85 FFr	400	90⅞	91⅞	0	−0⅛	16.91
EIB 14¼ 88 FFr	300	86⅞	87⅞	+0⅛	−0⅛	17.59
La Redoute 14¾ 85 FFr	125	89¼	90¼	0	0	17.85
OKB 14 86 FFr	400	91¼	92¼	+0⅛	+0⅛	16.52
Solvay et C. 14¾ 86 FFr	200	90⅞	91⅞	+0⅛	+0⅛	17.85
Swed E. Cr 14¾ 86 FFr	250	90	91	+0⅛	+0⅛	17.80
U. Mex Sts 14 85 FFr	150	91¼	92¼	+0⅛	0	17.17
Acena 14 85 £	20	88⅛	89⅛	0	−0⅛	17.85
Beneficial 14⅛ 90 £	20	79½	80½	−0⅛	−0⅛	19.04
BNP 13½ 91 £	15	82	82¾	0	−0⅛	17.06
CECA 13½ 88 £	20	83⅞	84⅝	0	−0⅛	17.58
Citicorp O/S 13½ 90 £	50	85⅝	86⅛	0	−⅛	16.77
Fin. Ex. Cred 13¾ 86 £	15	88⅝	89⅛	0	−0⅛	17.53
Gen. Elec. Co. 12½ 89 £	50	82¾	83¼	+0⅛	−0⅛	16.61
Hiram Walker 14¼ 86 £	25	89¼	90	0	−0⅛	17.71
Privatbanken 14½ 88 £	12	88¼	89¼	0	−1	17.50
J. Rothschild 14¼ 90 £	12	88	88¾	0	+0⅛	16.83
Royal Trustco 14 86 £	12	89	90	0	−1⅛	17.58
Swed. Ex. Cr 13¾ 86 £	20	88⅜	89⅛	+0⅛	−0⅛	17.56
Akzo 9¾ 87 LuxFr	500	†86	87	+0⅛	+0⅛	12.59
Euratom 9¾ 88 LuxFr	500	†87½	88½	+0½	+0½	12.64
Eurofima 10½ 87 LuxFr	500	†89½	90½	+0⅛	+0⅛	13.01
EIB 9¾ 88 LuxFr	600	†83¾	84¾	+0⅛	−0⅛	13.83
Volvo 9¾ 87 LuxFr	500	†84½	85½	+0⅛	+0⅛	13.52

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99¼	99¾	18/12	16¼	[illegible]
BBL Int. 5 88	0¼	99⅞	100⅛	20/11	18.21	[illegible]
BFCE 5¼ 88	0¼	99¼	99¾	26/4	16.94	17.08
BNP 5½ 88	‡0⅛	99⅞	100⅛	29/1	16¼	16.75
Christiania Bk 5½ 91	‡0⅛	98¾	99¼	5/11	19.19	19.41
Co-Ban Eurofin 5½ 91	0¼	98⅜	98⅞	14/4	16.69	16.92
Den Norske Credit 6 90	‡0¼	99¼	99¾	5/11	19.19	19.31
Genfinance 5¾ 87	0¼	100¼	100¾	30/4	17.06	17.00
Genfinance 5¼ 92	0¼	99¾	100¼	30/12	18.31	18.34
Giro und Bank 5¼ 91	‡0¼	99¼	99¾	23/12	17½	17.59
GZB 5¼ 92	‡0¼	98⅞	99⅜	5/12	17⅛	17.40
Ind. Bank Japan 5¼ 88	0¼	99¾	100¼	9/4	16⅛	16.65
Lloyds Eurofin 8.30 £	0¼	96⅞	97⅜	6/7	13⅝	14.05
Lloyds Eurofin 5¼ 92	§0⅛	99⅛	99⅝	4/12	17.44	17.55
Lloyds Eurofin 5¼ 93	§0⅛	98⅞	99⅜	29/4	17.13	17.26
LTCB Japan 5¼ 88	0¼	99¾	100¼	13/12	17⅛	17.25
LTCB Japan 5½ 89	0¼	99½	100	16/7	18.32	18.36
Midland Int. Fin. 5¼ 92	0¼	99⅜	99⅞	5/12	17½	17.44
Midland Int. Fin. 9 91	0¼	99⅜	99⅞	30/4	17.06	17.13
Nacional Fin. 5½ 88	0¼	98¼	98¾	25/3	17.31	17.48
Nat Bk Canada 5¼ 88	0¼	99¾	100¼	24/3	17.31	17.33
Nat West. Fin. 5¼ 91	§0⅛	99⅜	99⅞	15/1	18⅛	18.22
Nat. West Fin. 5¼ 92	§0⅛	99½	100	23/4	17	17.04
Nordic Int. Fin 5½ 91	0¼	98¼	98¾	6/11	5½	5.59
Pemex 6 91	0¼	97⅞	98⅜	8/4	17	17.32
Pemex 5¾ 88	0¼	97⅞	98⅜	16/2	18.81	18.17
Sanwa Int Fin 5¼ 88	0¼	99¾	99⅞	24/3	17⅛	17.31
Societe Generale 5¾ 91	0¼	99½	99¾	22/1	18⅛	18.74
Sparebanken 6 87	0¼	98⅞	99⅜	19/12	18.81	18.98
Sumi Fin Asia 5½ 88	0¼	100¼	100¾	6/2	19.56	19.47
Svenska Hndlsbk. 5 87	0¼	99⅞	100⅛	15/1	18⅛	18.10

Average price changes. On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem.
Ajinomoto 5¼ 96	7/81	933	89	90½	+0⅛	1.88
Bow Valley Inv. 8 95	4/81	23.12	96⅛	97⅞	+2	38.50
Canon 6¾ 95	1/81	829	120⅛	122⅛	+0⅜	2.88
Daiwa Secs. 5½ 96	12/81	639	†74	76	−2	−0.48
Fujitsu 4½ 96	10/81	6770	100⅛	101⅞	+0⅛	4.97
Furukawa Elec 5¾ 96	7/81	300	110⅛	111⅛	0	6.08
Hanson O/S Fin. 9½ 96	8/81	2.74	†87	88	+3	1.48
Hitachi Cred. Cpn. 5 96	7/81	1966	89½	91½	+1½	19.87
Inchcape 8 95	2/81	4.55	55½	57	−1⅛	30.88
Kawasaki 5⅝ 96	9/81	229	89¼	90½	+0⅛	8.49
Marui 6 96	7/81	931	92½	94	−0⅛	2.28
Matsushita El 7½ 95	11/80	590	85	86½	+0⅛	−9.38
Minolta Camera 5 96	10/81	389	74½	76	−0⅛	11.83
Murata 5¾ 96	7/81	2190	89⅜	91½	+2⅛	13.38
NKK 6½ 96	7/81	188	95¾	97¼	+0⅛	−2.78
Nippon Chemi-C 5 97	10/81	919	81½	83½	+1½	3.86
Ricoh 6¾ 95	8/80	604	124⅛	126⅛	+2⅛	6.75
Sanyo Electric 5 96	10/81	652	85¾	87¼	+0⅛	34.39
Sumitomo Met 5½ 96	10/81	305	88	89½	0	−4.21
Swiss Bk Cpn. 6¾ 90	9/80	200	74½	76¾	−0⅛	20.39
Taylor Woodrow 8¾ 90	1/81	4.94	†74	75	+4	−3.17
Transco Int. 8¾ 95	2/87	88	82¼	83¼	+4¼	26.65
Tricorp 8¾ 95	12/80	31.28	71½	72¾	+1⅛	19.77
Union Bk Switz 5 90	2/80	70.73	82⅛	84¼	0	9.26
Sharp Cpn 6½ 88 DM	9/80	591.8	165⅛	166⅝	+0⅞	−2.84
Uny Co. 6½ 85 DM	11/79	879.5	102⅛	103⅛	0	2.49

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

PHB Weserhuette to lift stake in Australian group

BY ROGER BOYES IN BONN

PHB WESERHUETTE, the West German bulk handling group, has been given permission to acquire an equity interest of up to 45 per cent in Malco Industries, whose shares are quoted on the Sydney Stock Exchange. The Cologne-based company said yesterday that the Australian Government had given the go-ahead for the move, which will be carried out through its Australian subsidiary.

Malco Industries has plants in Sydney and Adelaide and a turnover of about A$24m (US$27.4m). The company's engineering division in Adelaide constructs machinery and plant for materials conveying and handling aplications as well as processing plant and ancillary equipment for forestry products.

The manufacturing ranges of Malco and PHB Weserhuette complement each other in a number of key areas. Malco, for example, should benefit from the opencast mining and stockyard technology introduced by PHB Weserhuette, particularly in special areas such as mobile crushers, materials blending technology and port handling facilities.

The PHB Weserhuette group initially acquired 9 per cent of Malco's share capital at the beginning of 1981. A further 10 per cent was taken over from FMC Corporation Chicago in the middle of the year. Thus, with about 19 per cent PHB Weserhuette is already practically the largest individual shareholder in Malco.

PHB Weserhuette executives expect to be able to acquire a further package of between 20 per cent and 30 per cent

The German company regards Australia, one of the richest raw material countries, as a major potential investor in material haulage, handling, blending and processing installations. The interest in Malco complements its current Australian business involvement.

Associated companies of the PHB Weserhuette group in Australia employ a workforce totalling 2,300 and have achieved an annual turnover of about A$135m.

Texaco in money broking link

BY WILLIAM HALL, BANKING CORRESPONDENT

TEXACO, one of the world's biggest oil companies, is linking up with Charles Fulton, the London foreign exchange broker, to form a New York-based international money broking operation servicing U.S. corporations.

The 50-50 joint company, which will be known as Ful-Tex Euro Services, is believed to be the first venture to concentrate solely on offering international money broking services to U.S. corporations.

In common with the UK, the rules which hitherto prevented U.S. money brokers from dealing direct with corporate customers, have been relaxed over the past few years. Previously they had to deal through banks, and international brokers are now expanding this side of their operations in the U.S. rapidly.

Ful-Tex will specialise in broking time deposits, money market instruments and foreign currencies between corporations and the world's financial markets. One of the main aims is to enable corporate clients to obtain better rates on Euromarket transactions.

Charles Fulton already has a sizeable operation; employing 110 people in New York City.

State aid for Mitel plants in France

By Terry Dodsworth in Paris

MITEL, the Canadian telephone equipment company, is planning to set up two manufacturing plants in France, despite widespread opposition to the move by the French telecommunications industry.

The proposed investment, announced by M Christian Pierret, the Socialist deputy for Saint Die in the Vosges region of eastern France, is worth about FFr 150m ($26.3m). It will be partly financed by state aid, including job-creation subsidies worth a total of FFr 25m and credits of FFr 30m.

The high unemployment levels in the Vosges, one of the regions hardest hit by the crisis in the textiles industry, has clearly weighed heavily in the Government's decision to give the Canadian company the go-ahead for the investment. It is estimated that around 1,000 jobs could be created by the two-plant project—to make private telephone exchanges.

Opposition to the investment, however, has been put up by the French companies in this sector on the grounds that there may be no net creation of jobs from the scheme. Other companies will have to slim down if Mitel finds a place in the market, they argue.

In addition, the Mitel investment will not help the French industry in its declared strategy of building up its strength in the private telephone exchange business.

For some time, the main French exchange manufacturing companies — CIT-Alcatel, Thomson and CGCT (the ITT subsidiary)—have been aiming to develop their private exchange business as a substitute for the decline in public exchange sales.

This objection to Mitel's investment has been partly answered by a commitment to use the French operation for exports elsewhere in Europe. But up to 40 per cent of the company's output may still be sold in France, where it will use the distribution network of AOIP, a small co-operative telecommunications group which was partly broken up about a year ago.

On the Government side, it was emphasised that the link with AOIP, which has been in some trouble recently, was also an important factor in authorising the Mitel investment. At the same time, the authorities stress that the decision marks the determination of the Socialist Government to welcome foreign investment.

Adolph Saurer still in red

By John Wicks in Zurich

ADOLPH SAURER, the Swiss vehicle and machine manufacturer, expects a further net loss for the current year, but believes it will be less than the SwFr 3.76m ($2.03m) recorded for 1980 because of a cost-cutting programme. Saurer's losses in 1979 were SwFr 7.46m.

The company, in which Union Bank of Switzerland holds a stake of 18.8 per cent, achieved a 1 per cent rise in turnover for the first half of 1981, together with an increase of 26 per cent in new order value. In the calendar year 1980, group sales totalled SwFr 617m ($334m).

Alfa warns of painful measures

BY RUPERT CORNWELL IN ROME

PAINFUL measures are likely to be taken soon by Alfa Romeo, the state-owned Italian car manufacturer, in the face of slack demand, excessive stocks and the prospect of substantial losses again in 1981.

Sig Ettore Massacesi, Alfa's president, yesterday denied reports here that the group, which is controlled by the IRI-Finmeccanica state holding company, had already decided to lay off 13,000 workers at its plants in Italy, around one-third of its total work-force.

However, Sig Massacesi has admitted that "bitter" measures will have to be taken to put the group back on to an even keel, in the short term and has warned of "structural problems" which will be discussed this week with union representatives. Alfa would make its plans known after the meeting.

Although the Italian car market grew by 2 per cent in the first nine months of 1981—making it the only major European market to show any expansion this year—the signs are that it is now starting to weaken. Between January and September Alfa sold 85,930 vehicles on the domestic market, but its share dropped from 7 per cent to 6.6 per cent during the period. Sig Corrado Innocenti, Alfa's managing director, last month warned that the group would lose between L70bn ($59.5m) and L80bn ($68m) this year.

The prospects for 1982, failing stern action, are equally poor. Fierce competition on the Italian market has held the increase in car prices below the level of inflation and Sig Massacesi this week forecast a 10 per cent contraction in total domestic sales next year.

The unions are mostly alarmed by the possibility that Alfa's management will be tempted to employ the same tough methods that Fiat successfully used last autumn to improve its own internal performance. After a five-week strike, the Turin-based manufacturer secured agreement for 23,000 men to go on state subsidised lay-offs, and many of them will never work for the company again.

Efficiency at Fiat since the strike has risen dramatically, however, and Sig Vittorio Ghidella, the managing director of Fiat Auto, recently claimed that productivity of the car division had improved by about 20 per cent over the last 18 months—to return close to the average level of its main European competitors.

Even so, 70,000 workers at Fiat plants have just started a fortnight's lay-off, to enable excess stocks to be unloaded.

Alfa's own agreement with unions last March to secure higher productivity has not yet borne the hoped-for fruit, either at its Arese plant near Milan, or at Pomigliano d'Arco near Naples, where the Alfasud range is built.

But the need for an improvement is growing. Work has already started on Alfa's controversial project with Nissan of Japan to produce jointly 60,000 cars a year at a new plant near Avellino. Moreover, Alfa will need a credible recovery plan if it is to get the best out of any agreements which emerge from its current talks with Fiat on means of cutting costs and eliminating unnecessary duplication, particularly in components.

● AP-DJ reports from Bordeaux: Ford-France, a subsidiary of Ford Motor of the U.S., has announced plans to close its plants for 12 days in November and 15 days in December, because of the continued depressed market.

The plants manufacture automatic transmissions, 75 per cent of which are shipped to the U.S. By the end of this year, they will have been closed for a total of 151 days, compared with 100 days in 1980.

Recovery in Hoechst fibres unit

BY OUR FINANCIAL STAFF

HOECHST, the West German chemicals group, expects its world-wide chemical fibres business to break even in 1981 after a loss of around DM 30m ($13.5m) in 1980, according to Herr Justus Mische, a director of the company's fibre sales division.

Herr Mische said in Frankfurt yesterday that Hoechst's world-wide turnover in the sector was expected to rise by around 30 per cent to about DM 3bn in 1981. But he added that this figure had been boosted by activities in several high inflation countries such as Brazil.

Within the total of the DM 3bn turnover in chemical fibres, some DM 1.9bn will be accounted for by Western European operations, a rise of around 20 per cent

Higher prices will account for about one-third of the increase in West European turnover and increased volume the remainder.

Herr Mische said 1981 should prove to be a better year than 1980 for the fibres industry as a whole, though depressed demand would not recover to 1978 and 1979 levels. Over-capacity in western Europe amounted to 600,000 tonnes and was an "unsolved problem."

Herr Mische estimated that Western European demand for chemical fibres in 1981 would probably be around 10 per cent lower than the average of 1978 and 1979 levels and only 1 per cent up on 1980.

West European fibre manufacturers, which last year lost a total DM 2.6bn, are expected to reduce their losses, though perhaps only to half the 1980 figure, he added.

Hoechst is not at the moment contemplating any reduction in its capacity in the sector, currently 600,000 tonnes worldwide. Its U.S. operations were characterised by high demand and full-capacity production in the first half of 1981, though in the second half demand has fallen off.

Support package sought for Statsföretag

BY WESTERLY CHRISTNER IN STOCKHOLM

THE SWEDISH Government has proposed to the Riksdag (Parliament) a package of measures aimed at correcting some of the financial ills of Statsföretag, the state holding company responsible for about 30 concerns.

Mr Nils Aasling, the Industry Minister, seeks approval for issuing Statsföretag SKr 1.5bn ($271m) to restructure LKAB, the ailing state mining company which returned a loss of SKr 430m in the first eight months of this year compared with a SKr 145m deficit in the same period last year.

The 1981 projected loss for LKAB was given at about SKr 750m by Mr Aasling when the proposal was made to the Riksdag yesterday.

In addition, support amounting to SKr 600m was requested for LKAB to reduce heavy freight charges between 1982 and 1984, imposed by the Swedish state railway for transporting ore to Narvik in Norway. LKAB at present pays some SKr 700m a year to the Swedish and Norwegian railways.

The company's main problem has been the sharp downturn in West European steel output, expected to continue low through the remainder of this year. State support for LKAB has risen to more than SKr 2bn.

At the same time, the ministry proposed approval of a deal allowing the state to take over Stora Kopparberg's shares in Svenskt Staal (SSAB) the troubled Swedish Steel company, for a nominal sum.

Approval would pave the way for a deal to be sealed between the state, Stasföretag and the Gränges engineering and mining company bought by Electrolux on a major capital injection to SSAB.

Shot in arm for Austrian steel makers

By Paul Lendvai in Vienna

THE SUPERVISORY BOARD of Oeiag, the holding company for the Austrian nationalised industries, last night agreed to raise Sch 2.7bn ($174m) for Voest-Alpine and VEW (Vereinigte Edelstahlwerke), with the Federal State guaranteeing repayment of the credits and taking over payment of interest and the principal. In all, the two steel companies will receive a shot in the arm to the tune of Sch 4bn.

Voest-Alpine reported a loss for the first half of 1981 of Sch 1.7bn after being badly hit by setbacks in chemical engineering. VEW, the special steel concern has reported an increase in its deficit from Sch 330m to Sch 730m for the 1981 first half. VEW has already received financial aid of Sch 1.4bn this year and a further tranche of Sch 600m will be transferred in the next few weeks.

The deficit of all Austrian nationalised industries reached Sch 2.1bn in the half against a surplus of Sch 1bn in the same period last year. Turnover rose by 14 per cent to Sch 76bn and exports by 7.8 per cent to Sch 23.4bn.

Oeiag predicts that 1981 will be the most difficult year in the history of the nationalised sector. The labour force has dropped only by 2 per cent to 109,625 but regional governments and unions oppose redeployment of labour involving closure of uneconomic plants.

Malays are offered bigger stake in Dunlop Estates

BY WONG SULONG IN KUALA LUMPUR

GOODYIELD PLAZA, the investment group controlled by Mr Ghafar Baba, the Malay politician and businessman, has offered to sell its 67 per cent stake in Pegi, the listed investment company, to Bumiputra (Malay) institutions.

The move, involving a holding last valued in the market at some 120m ringgit (U.S.$53m), is aimed at meeting Malay discontent over the change in the ownership of Dunlop Estates, which owns 55,000 acres under rubber, palm oil and cocoa.

This change was set up by the agreement announced in late September for Multi-Purpose Holdings (MPH), the investment arm of the Malaysian Chinese Association (which is the Chinese partner in the Malaysian Government) to purchase the 51 per cent stake in Dunlop Estates held by Dunlop Holdings of the UK for 252m ringgit (U.S.$110m).

Mr Gharfar, who owns more than 60 per cent of Goodyield Plaza, said that if Malay financial institutions took up the Pegi sale offer, the Malay interest in Dunlop Estates would reach 56 per cent.

Under the deal reached last September, the 51 per cent stake in Dunlop Estates is to be injected, together with Pegi's 17 per cent stake in Dunlop Holdings, into a new company, to be owned equally by MPH and Pegi.

Malay groups, and Dr Mahathir Mohamed, the Prime Minister, have criticised the deal.

Dr Mahathir said the Dunlop Estate sale was made in such a way as to create friction within Malaysia's Malay and Chinese business community. His Party's youth division, said that Malays would end up owning *only 40* per cent of Dunlop Estates, and wants the Malay stake to be increased to at least 51 per cent.

No price was mentioned in Mr Ghafar's offer to sell Goodyield's *stake in Pegi. A possibility* remaining is for the Foreign Investment Committee, which has to approve the deal, to insist on the MPH-Pegi joint venture taking in a Malay group as a third partner, thereby diluting the MPH stake.

MUI/Goodwood dispute settled

BY OUR KUALA LUMPUR CORRESPONDENT

THE DISPUTE between Malayan United Industries (MUI), the Malaysian conglomerate and the Goodwood Park hotel group over the sale of two Singapore hotels has been settled *out of court. In involves* MUI acquiring the Ming Court hotel under the previously *agreed terms and dropping the* acquisition of the other, Hotel Malaya.

*In simultaneous announce*ments to the Kuala Lumpur and Singapore Stock Exchanges, *both MUI and Goodwood said* that Glen Holdings, a Goodwood subsidiary, would proceed with *the exchange of 9.5m Ming* Court shares, representing 53.3 per cent of the equity, in exchange for 3.8m MUI shares.

The deal values MUI shares at S$15 (U.S.$7.22) each and Ming Court shares at S$6 each. This transaction was completed yesterday.

MUI said that it would not proceed in acquiring Hotel Malaya and would drop its legal *action against Glen Holdings.*

The dispute began last Feb*ruary* when MUI agreed to take *up Glen's majority stake in the* two hotels through an exchange of shares. However, the *Singapore Securities Council* demanded that MUI must provide a cash alternative at *S$21.5 for the hotel's minority* shareholders.

When MUI went ahead with the cash offer, Glen withdrew from the deal claiming MUI should also offer it the same

MUI also announced that it has settled another related dispute out of court. It said that *it will buy up Arli Properties* from Tan Sri Khoo Teck Puat, chairman of Goodwood, for 15m *ringgit ($6.59m) In the earlier* deal, MUI was to get Arli in exchange for 1m MUI shares valued at 15 ringgit each.

Arli owns a choice property in Kuala Lumpur where MUI *intends to build a 500-room* international hotel. The current share market price of MUI is *about 12 ringgit compared to a* high of 24 ringgit during the share boom in early June.

Sharp rise in midway profits for TISCO

By R. C. Murthy in Bombay

TATA Iron and Steel Company (TISCO), India's only private sector integrated steel group has reported pre-tax profits of Rs 466m ($51m) for the six months to September 30, a 150 per cent increase on the Rs 181.2m of last year's first half. The company, however, warned of a substantially higher interest burden in the second half on borrowings for capital expenditure on modernisation.

Production of saleable steel in the six months was 767,000 tonnes, against 706,000 tonnes and sales *678,000* tonnes against 620,000 tonnes. Mr J. R. D. Tata, the chairman, *says the increase in pro*duction came from the deferring of the relining of a blast *furnace (usually undertaken* in April and May) to October 1981. Total income was *Rs 3.17bn compared with* Rs 2.25bn.

Profit before depreciation and *interest virtually doubled to* Rs 673.1m from Rs 345.6m. The advance is attributed to *the realisation of the full* benefit from the lifting of 40-year-old price controls on *bars and billets in February* 1981. Steel pricing and distribution of steel are controlled by the Government, *which* revises *prices* periodically taking into account increases *in production costs.* Mr Tata says Rs 149.5m has accrued to the company to offset cost *increases for* 1980-81.

The surge in half year profits has improved the prospects of TISCO maintaining its dividend at 15 per cent for 1981-1982 on capital expanded by a two-for-five scrip issue in July.

The company is implementing a Rs 2bn modernisation programme, the first phase of a modernisation and diversification plan.

Slight advance at Ajinomoto

By Our Financial Staff

AJINOMOTO, the Japanese manufacturer of the additive monosodium *glutamate* and food products, increased unconsolidated net earnings for the six months to September 30 by 3.8 per cent to Y4.98bn ($21.72m) from Y4.84bn for the same period last year.

Sales rose by 8.2 per cent to Y188.83bn from Y174.45bn for the six months last year. Earnings per share fell to Y13.71 on 362.8m issued shares from Y15 on 322.7m issued shares.

Further growth for Malayan Banking

By Our Kuala Lumpur Correspondent

MALAYAN BANKING Berhad, Malaysia's largest bank, has *reported* a rise in net profits for the year ended June of 37 per cent to 60m ringgit *(US$26m).*

Net profits are derived after tax, diminution of assets, and provision for *contingencies and* allocation to inner reserves. Total deposits of the group rose by only 9.5 per cent to 6.8bn ringgit (US$3bn), but loans and advances were up 20 per cent to 4.3bn ringgit.

A final dividend of 14 per cent is announced, making a total of 22 per cent for the year, the same as previously, but on a capital of 180m ringgit, doubled by scrip and rights issues early this year.

Premier increases interim earnings and dividend

BY JIM JONES IN JOHANNESBURG

PREMIER GROUP, the diversified South African food group, in which Associated British Foods has a 51 per cent interest, manitained its strong growth record in the six months to September 30 1981 with trading profit up by 44.6 per cent to R53.5m ($55.8m). In the same period of 1980 trading profit was R37.0m and reached R84.3m for the full year to March. First half turnover was R738.6m compared with R571.4m in the first half of last year and R8.20bn for the full year.

Mr Tony Bloom, the chairman said the increase in profits came from the higher sales and improved production efficiencies resulting from the heavy capital expenditure programme of recent years. Although satisfied with the improvements in most divisions, he points out that profits as a percentage of sales remain at a narrow 3.7 per cent. He also pointed out that interest payments rose to *R10.4m from R7.1m in the half* year due almost entirely to interest rate increases as group borrowings have been maintained at much the same level as at end September 1980.

Premier is steadily diversifying from its traditional low-margin food operations which are limited by price controls.

An interim dividend of 28 cents has been declared from first half earnings of 85 cents a share. Last year the interim dividend was 22 cents and first half earnings 66 cents a share. The year to March 31 1981 resulted in earnings per share of 159 cents and a total dividend of 51 cents.

Flat half-year for Cold Storage Holdings

BY GEORGIE LEE IN SINGAPORE

COLD STORAGE HOLDINGS, a major food and beverage group in Singapore, appears to be heading for a flat year in 1981-1982. For the half-year to July 1981, the group reported a decline of 1.25 per cent in pre-tax profit to S$11.7m *(US$ 5.63m), despite a three*fold increase in turnover to S$325.7m.

As a result of reduced taxation, group after-tax profit went up by 10.5 per cent to S$6.8m.

The group has forecast that profit for the full year is unlikely to be materially different from the previous year, when operating profits reached S$24.83m.

Profit margins on manufacturing activities in Singapore and Malaysia were adversely affected by competition, and results were also hit by higher financing costs and exchange rate movements. Cold Storage has declared an unchanged interim gross dividend of 4.5 cents a share.

CONTRACTS

Coal Board orders £6.1m motor fuel

Contracts with a total estimated value of £6.1m have been let by the National Coal Board *for the supply of motor spirit* and derv from November 1 to October 31 1983. The business has been awarded to BP OIL; CONOCO; PHILLIPS PETROLEUM PRODUCTS; and SHELL UK OIL.

*

Southern Litho Supplies, Sittingbourne, has ordered an Alpha Micro computer system from ALPHA MICROSYSTEMS, worth around £24,500.

*

Three Scottish local authorities, which together are responsible *for the municipal administration* of a population of more than 5½m people, have ordered ICL COMPUTERS with a total value of £1.3m. The councils of Highland Region, Motherwell District and the City of Aberdeen have all placed orders for the mid-range 2955 system, announced last November by ICL. A major factor in the decision to order *the 2955s was the availability of* ICL's wide range of specialist software which will mean savings in both cost and development time for all three councils.

*

SIGMUND PULSOMETER PROJECTS, Theale, near Reading, a member of the SPP Group, is to *supply and* install pumps and associated plant for the Matlock Bath pumping station being constructed as part of the Matlock trunk sewer relief scheme. The contract has been placed by the Derwent division *of the* Severn Trent Water Authority and is valued at about £95,000.

*

Equity and Law has signed a contract with TANDEM COMPUTERS for the supply of a Non-Stop II computer system to its High Wycombe head office. The initial £400,000 order, compris*ing a four processor development* system for immediate delivery, is planned to be followed by another four processors for installation in mid-1982. The total value is some £1.3m.

*

Sealink UK has placed an order, valued at £900,000, for an ICL point-of-sale computerised stock control system. The order comprises 160 9512 POS terminals, 47 1500 series processors and full applications software. Each sealink ferry will have between 10 and 15 9512 terminals operating in the duty-free shops, cafeterias and bars on-line to 1500 series processors "below deck." Within 15 minutes of docking the *POS system provides* printed reports of cash taken (including foreign currencies) for *each operator* by name, total sales details with stock-in-hand figures and a summary report of duty-free stock for customs officers. In operation the ICL system provides price look-up, calculates currency conversions allowing payment in a mixture of currencies, while providing immediate stock file updates for *individual stock levels of com*plete reports to be issued during sailing.

*

A 25,000-tonne sugar silo said to be the largest of its type ever to be built in the UK is to be provided at British Sugar's Bury St. Edmunds, Suffolk, factory under a £1m design-and-construct contract awarded to JOHN LAING CONSTRUCTION.

*

The CHERRY TREE MACHINE COMPANY has been awarded a contract for the supply of a complete laundry installation, capable of handling over 2 tons of work per hour, in the West Lothian District General Hospital, Glasgow. The £750,000 contract consists of 14 washer extractors of standard and cross-infection design; 13 drying tumblers; and a range of finishing and dry-cleaning equipment. Cherry Tree is a subsidiary of the Weston-Evans Group and a member of the Engineering Division of Johnson and Firth Brown.

*

The N. G. BAILEY ORGANISATION has recently secured orders for £2m including a hospital in Lincoln, a leisure centre in Scunthorpe, a supermarket in Derby, a factory development in Nottinghamshire, and an office complex in Peterborough. In *addition to electrical engineer*ing and contracting, and consistent with a policy of adapting to satisfy client requirements, Bailey's has recently established a facility specialising in piped medical gas installation for hospitals.

*

UK property company, MEPC has placed an order worth more than £600,000 with PHILIPS BUSINESS SYSTEMS, communication and control division, for the EBX 8000 computer-controlled telephone system. This is part of a new trend in the provision of telephone services in the speculative office property development market which has been pioneered by Philips.

*

Forth Tool and Valve Services, Glenrothes, Fife, is purchasing a second numerical control vertical turning lathe valued at £230,000 from machine tool manufacturer GIDDINGS AND LEWIS-FRASER, Arbroath.

Court orders ex-director not to remove documents

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR DAVID COLLINS, former *managing director of Midland* Rollmakers, was ordered by the High Court yesterday not to *remove from the UK documents* and drawings relating to a steel process belonging to the com*pany.*

Mr Collins, who is now working in the U.S., is one of 23 individuals and companies alleged to have conspired to set up a rival business using con*fidential information of Midland* Rollmakers, Johnson & Firth Brown, Firth Brown and the Gibson Engineering Company.

Substantial damages are claimed by the four companies. They allege, in particular, that a contract worth more than £1m, for which one of the alleged conspirators had been supposed to be negotiating on Johnson & Firth Brown's behalf, *had gone to the conspirators'* company, H.W. Technology.

Miss Lynn Wagner, for the *four companies, yesterday told* the court an application was pending for the committal to *prison of Mr Collins for alleged* breach of court orders. An application would also be made *for sequestration of the assets* of H.W. Technology, which was now dormant, for similar *breaches.*

ICI man wins energy award

DR B. LINNHOFF, an engineering scientist from ICI Corporate Laboratory, yesterday *received the Royal Society Esso* Energy Award for 1981.

The award of a gold medal and a prize of £1,000, was presented by Royal Society president Sir Andrew Huxley, in *recognition of Dr Linnhoff's* original approach to the design of industrial heat exchange net*works, leading to substantial* energy savings.

Prize for bright engineers

A COMPETITION for the best presentation of an improvement in manufacturing effectiveness is being organised by the Institution of Mechanical Engineers and sponsored by Willis Faber, the insurance brokers. The prize is *£10,000.*

The competition is open to individuals or teams of up to four people. The intention is to highlight improvements achieved through new technology, good engineering, product specification and design.

21 want aid to form companies

TWENTY-ONE applications for help in forming new companies were received by the Surrey branch of the Institute of Directors during the first two months of the "Surrey 100 Scheme" which was launched at the end of August.

The scheme aims to establish 100 new businesses in Surrey during the next year.

Companies and Markets

CURRENCIES, MONEY and GOLD

$ and £ steady

Dollar was little changed in fairly quiet foreign exchange trading. Most U.S. centres traded normally, but New York was closed for state and local elections. Short-term Eurodollar interest rates were slightly firmer, but longer term rates were generally unchanged. Sterling was also fairly steady on the day, reacting mainly to news from the striking BL car plants, as London interest rates remained steady throughout.

European currencies showed little movement, but the Danish krone replaced the French franc as the strongest member of the European Monetary System. The D-mark continued to improve and is now well within its official divergence limit, but remains the weakest currency in the EMS.

DOLLAR—trade-weighted index (Bank of England) was unchanged at 107.6. The U.S. currency rose slightly to DM 2.2225 from DM 2.2220 against the D-mark; to FFr 5.59 from FFr 5.57 against the French franc; and to SwFr 1.8025 from SwFr 1.8010 in terms of the Swiss franc; but eased to Y229 from Y229.10 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) rose to 89.0 from 88.9, after opening at 88.8 and falling to 88.7 at noon. The pound opened at $1.8650-1.8660, and fell to a low of $1.8550-1.8560 in the morning on news from the BL Cowley plant of rejection of the company's pay offer. Acceptance of the offer by the workers at Longbridge then pushed sterling up to $1.8650 again at noon. A softer tone in Eurodollar rates and indications that a majority of BL workers were in favour of a return to work helped the pound to a peak of $1.8765-1.8775 in the afternoon, and it closed at $1.8690-1.8710, a fall of 30 points on the day.

D-MARK — Weakest member of the European Monetary System following the last currency realignment, but recovering slightly after trading close to its divergence limit for several weeks. It has also improved in terms of the dollar following a weaker trend on high U.S. interest rates and fears about a less favourable economic outlook for the Federal Republic. The improvement is largely the result of the recent decline in New York rates, and has been encouraged by regular sales of the U.S. currency by the Bundesbank in fairly quiet Frankfurt trading — The Bundesbank sold a further $2.4m as the dollar fell to DM 2.2294 from DM 2.2320 at the Frankfurt fixing. In the afternoon the U.S. currency weakened to DM 2.2235, in very thin trading as a result of the closure of the New York market. Conditions were nervous on fears of a cut in German interest rates in the near future. The central bank council meets on Thursday, but a reduction in rates sems unlikely this week. Sterling fell to DM 4.16 from DM 4.1730 at the fixing, and was little changed later in the day. The French franc fell to DM 39.8050 from DM 39.84 per 100 francs.

FRENCH FRANC—The recent EMS reshuffle which resulted in a devalution of the French franc has helped to remove the upward pressure on French interest rates. Domestic money market rates have been cut and Euro franc rates have fallen sharply — The franc showed a weaker trend at the Paris fixing, despite gaining ground against the U.S. dollar, which fell to FFr 5.5980 from FFr 5.6685. Sterling rose to FFr 10.4755 from FFr 10.4680, and the Swiss franc to FFr 3.0870 from FFr 3.0650. The Danish krone was also firm, improving to FFr 78.25 from FFr 78.05 per 100 krone, while the D-mark rose to FFr 2.5149 from FFr 2.5123.

THE DOLLAR SPOT AND FORWARD

Nov 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8550-1.8775	1.8690-1.8710	0.24-0.14c pm	1.22	0.28-0.18 pm	0.49
Ireland†	1.5870-1.5980	1.5950-1.5980	0.40-0.30c pm	2.63	0.90-0.70 pm	2.00
Canada	1.2018-1.2030	1.2018-1.2021	0.35-0.38c dis	−3.84	0.85-0.90dis	−2.91
Nethlnd	2.4430-2.4610	2.4450-2.4500	0.47-0.37c pm	2.06	1.53-1.43 pm	2.42
Belgium	37.15-37.37	37.16-37.18	11-15c dis	−4.20	33-38 dis	−3.82
Denmark	7.1250-7.1790	7.1260-7.1310	0.65-0.40ore pm	0.38	¼ pm-½ dis	—
W. Ger.	2.2150-2.2360	2.2220-2.2230	0.75-0.70pf pm	3.91	2.21-2.16 pm	3.93
Portugal	63.90-64.45	63.90-64.10	35-135c dis	−20.62	65-325 dis	−11.87
Spain	95.00-95.60	95.00-95.10	5-15c dis	−1.26	20-35 dis	−1.16
Italy	1187-1191	1187½-1188½	5¾-6½lire dis	−6.19	19½-21 dis	−6.82
Norway	5.8520-5.8630	5.8530-5.8580	0.80-0.30ore pm	1.13	2.85-2.35 pm	1.78
France	5.5850-5.6050	5.5975-5.5925	0.25-0.45c dis	−0.75	2.20-2.60dis	−1.72
Sweden	5.4815-5.5135	5.4920-5.4970	0.50-0.35ore pm	0.93	3.00-2.85 pm	2.13
Japan	228.25-229.25	228.95-229.05	1.75-1.60y pm	8.78	4.75-4.60 pm	8.16
Austria	15.54¾-15.65	15.60-15.61	6-4½gro pm	4.04	14½-10½ pm	3.20
Switz.	1.7940-1.8240	1.8020-1.8030	0.77-0.67c pm	4.79	2.08-1.98 pm	4.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Nov 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8550-1.8775	1.8690-1.8710	0.24-0.14c pm	1.22	0.28-0.18 pm	0.49
Canada	2.2300-2.2550	2.2445-2.2465	0.32-0.42c dis	−1.98	1.20-1.40dis	−2.31
Nethlnd.	4.56-4.60	4.57-4.58	1½-7c pm	2.95	3⅝-2⅞ pm	2.73
Belgium	69.10-69.90	69.45-69.55	10-20c dis	−2.59	55-65 dis	−3.45
Denmark	13.32-13.40	13.35½-13.37½	2¾-1¾ore pm	2.02	2¼-¾ pm	0.45
Ireland	1.1690-1.1775	1.1715-1.1735	0.09-0.19p dis	−1.43	0.38-0.55dis	−1.59
W. Ger	4.13-4.17	4.15-4.16	2-1½pf pm	5.05	4⅞-4⅝ pm	4.45
Portugal	119.00-120.50	119.40-119.80	50-340c dis	−19.56	90-600 dis	−11.54
Spain	176.90-178.40	177.80-178.00	5-15c dis	−0.67	15-40 dis	−0.62
Italy	2206-2227	2219½-2221½	8-11lire dis	−5.13	33-38 dis	−6.39
Norway	10.91-11.00	10.94½-10.96½	2¾-1¾ore pm	2.26	6¼-5¼ pm	2.10
France	10.38-10.49	10.44-10.45	¾c pm-¼ dis	0.29	3-4 dis	−1.34
Sweden	10.22-10.31	10.28-10.29	2½-1½ore pm	2.33	7½-6½ pm	2.70
Japan	423-433	428-429	3.75-3.45y pm	10.08	9.40-9.10 pm	8.63
Austria	29.00-29.30	29.17-29.22	14-9gro pm	4.73	29-19 pm	3.29
Switz.	3.36-3.41	3.36½-3.37½	1⅞-1¼c pm	5.79	4½-3⅞ pm	4.90

Belgian rate is for convertible francs. Financial franc 77.40-77.50. Six-month forward dollar 0.23-0.18c pm. 12-month 0.20-0.35c dis.

CURRENCY MOVEMENTS

Nov. 3	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.9	Unavail'ble
U.S. dollar	107.6	"
Canadian dollar	87.4	"
Austrian schilling	118.7	"
Belgian franc	107.4	"
Danish kroner	89.8	"
Deutsche mark	125.6	"
Swiss franc	153.4	"
Guilder	114.9	"
French franc	82.3	"
Lira	56.2	"
Yen	138.4	"

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.618654	0.586160
U.S. $	15	1.15965	1.09993
Canadian $	18.21	1.39040	1.31892
Austria Sch.	6¾	18.0647	17.1479
Belgian F	15	(u)	40.8074
Danish K	11	8.28846	7.85349
D mark	7½	2.58829	2.45964
Guilder	9	2.85153	2.69263
French Fr.	9½	(u)	6.12110
Lira	19	(u)	1301.22
Yen	6¼	267.411	252.819
Norwgn. Kr.	9	6.79601	6.44228
Spanish Pts.	8	110.254	104.603
Swedish Kr.	11	6.35767	6.04631
Swiss Fr.	6	2.10821	1.99052
Greek Dr'ch.	20½	—	61.7720

OTHER CURRENCIES

Nov. 3	£	$		£ Note Rates
Argentina Peso	11.709-11.729†	6257-6277†	Austria	29.00-29.30
Australia Dollar	1.6335-1.6375	0.8750-0.8755	Belgium	77.00-78.00
Brazil Cruzeiro	213.68-214.68	114.26-114.83	Denmark	13.29-13.44
Finland Markka	8.175-8.186	4.3680-4.3700	France	10.40-10.55
Greek Drachma	103.148-106.386	56.00-56.20	Germany	4.13½-4.18½
Hong Kong Dollar	10.79½-10.81½	5.7700-5.7750	Italy	2180-2255
Iran Rial	148.75*	79.40*	Japan	427-432
Kuwait Dinar (KD)	0.521-0.527	0.2813-0.2815	Netherlands	4.56-4.61
Luxembourg Fr.	69.45-69.55	37.16-37.18	Norway	10.95-11.05
Malaysia Dollar	4.26-4.27	2.2780-2.2800	Portugal	118½-130
New Zealand Dlr.	2.2579-2.2610	1.2075-1.2085	Spain	175½-187¼
Saudi Arab. Riyal	6.34-6.40	3.4190-3.4210	Sweden	10.24-10.34
Singapore Dollar	3.8925-3.9025	2.0815-2.0835	Switzerland	3.38-3.42
Sth. African Rand	1.7940-1.7960	0.9590-0.9600	United States	1.86½-1.88½
U.A.E. Dirham	6.81-6.87	3.6715-3.6745	Yugoslavia	84-88

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 16.679-16.699 and for the dollar 8.900-8.920.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	40.8124	+0.14	−0.08	±1.5388
Danish Krone	7.91117	7.83672	−0.94	−1.16	±1.6412
German D-Mark	2.40989	2.43767	+1.15	+0.93	±1.1077
French Franc	6.17443	6.13392	−0.66	−0.88	±1.3733
Dutch Guilder	2.66382	2.68774	+0.90	+0.68	±1.5063
Irish Punt	0.684452	0.688736	+0.63	+0.41	±1.6688
Italian Lira	1300.67	1303.01	+0.18	+0.18	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for November 3 — 0.586217

EXCHANGE CROSS RATES

Nov. 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1.	1.870	4.155	428.5	10.445	3.370	4.575	2221.	2.246	69.50
U.S. Dollar	0.535	1.	2.222	229.1	5.586	1.802	2.447	1187.	1.201	37.17
Deutschemark	0.241	0.450	1.	103.1	2.514	0.811	1.101	534.4	0.540	16.75
Japanese Yen 1,000	2.334	4.364	9.697	1000.	24.38	7.365	10.68	5182.	5.240	162.2
French Franc 10	0.957	1.790	3.978	410.2	10.	3.226	4.380	2126.	2.150	66.54
Swiss Franc	0.297	0.555	1.233	127.2	3.099	1.	1.358	658.9	0.666	20.62
Dutch Guilder	0.219	0.409	0.908	93.66	2.283	0.737	1.	485.4	0.491	15.19
Italian Lira 1,000	[illegible]	0.842	1.871	193.0	4.704	1.518	2.060	1000.	1.011	31.30
Canadian Dollar	0.445	0.833	1.855	190.8	4.652	1.501	2.037	988.9	1.	30.95
Belgian Franc 100	1.439	2.691	5.978	616.5	15.03	4.849	6.583	3195.	3.231	100

FT LONDON INTERBANK FIXING (11.00 a.m. NOVEMBER 3)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 3/16	offer 15 5/16	bid 15 7/16	offer 15 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Nov. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15¾-16	14½-14¾	18-19	12⅝-12⅞	6½-7	10⅞-11⅛	15½-15¾	16-16½	14-16	5½-6¼
7 days' notice	15⅞-16⅛	14½-14¾	18-19	12⅝-12⅞	7⅜-8½	11-11¼	15½-15¾	18½-21	15-18½	6¼-6½
Month	15⅞-16⅛	14⅝-14⅞	18⅛-18⅜	12⅜-12⅝	9⅞-10	11-11¼	15¼-15½	20-21½	18½-19½	6⅛-6⅜
Three months	15⅞-16	15⅛-15⅜	18⅜-18⅝	12⅜-12⅝	10⅜-10⅝	11¼-11⅜	16⅝-16⅞	21½-22½	18⅝-19⅝	7-7¼
Six months	15⅜-15⅝	15¼-15⅝	18⅝-18¾	12⅜-12⅝	10¼-10½	11-11¼	17¾-18¼	22½-23½	18½-19	7-7¼
One Year	15⅜-15⅝	15-15¼	18⅜-18⅝	12½-12¾	9⅝-9⅞	10¾-11¼	18½-19	22½-23½	17½-17¾	7⅜-7⅝

SDR linked deposits: one month 13⅞-13½ per cent; three months 13⅞-14 per cent; six months 13[illegible]-14[illegible] per cent; one year 13⅞-14¼ per cent.

ECU linked deposits: one month 14[illegible]-14[illegible] per cent; three months 14[illegible]-15[illegible] per cent; six months 15-15½ per cent; one year 14[illegible]-15[illegible] per cent.

Asian $ (closing rates in Singapore): one month 14⅝-14⅞ per cent; three months 15[illegible]-15[illegible] per cent; six months 15[illegible]-15[illegible] per cent; one year 15[illegible]-15[illegible] per cent. Long-term Eurodollar two years 16-16¼ per cent; three years 16-16¼ per cent; four years 16-16¼ per cent; five years 16-16¼ per cent nominal closing rates. The following nominal rates were quoted for London dollar certificates of deposit: one month 14.65-14.75 per cent; three months 14.85-14.95 per cent; six months 15.00-15.10 per cent; one year 15.00-15.10 per cent.

MONEY MARKETS

UK rates steady

London clearing bank base lending rates 15½ per cent (since October 15)

Interest rates showed little movement in London yesterday, having eased steadily over the past few days. There was little activity in the market particularly in the afternoon with U.S. centres closed. Three-month interbank money was quoted around 16 per cent compared with 15⅞ per cent on Monday and seven day money was unchanged at 15⅞-16 per cent. The Bank of England gave slightly less help than the projected shortage and discount houses were paying at least 14¾ per cent for secured call loans with some funds taken as high as 15½ per cent.

Overnight money in the interbank market opened at 15¾-16 per cent and eased to 15½-15¾ per cent, staying there most of the morning. Rates eased further during the afternoon to 14¼-14½ per cent with closing balances taken at 16 per cent.

The Bank of England gave a forecast of −£200m in the money market with bills maturing in official hands and a net take up of Treasury bills taking £55m out of the system and the unwinding of a previous sale and repurchase agreement accounting for a further £170m. On the other hand Exchequer transactions added £100m to the system. The Bank of England gave assistance during the morning totalling £172m. This comprised purchases of £70m Treasury bills in band 1 (up to 14 days) at 15½ per cent and in band 2 (15-33 days) £26m in Treasury bills at 15½ per cent, £21m of local authority bills at 15½ per cent and £115m of eligible bank bills at 15½ per cent. There was no assistance given during the afternoon.

In Paris call money was fixed at 15⅛ per cent, down from 15¼ per cent on Friday with markets closed on Monday for a public holiday. This is the lowest level since early May, soon after the appointment of President Mitterrand. Period rates were also easier with one-month money easing to 15⅛ per cent from 15¼ per cent and three-month also at 15⅛ per cent from 15¼ per cent. At yesterday's tender the average yield on French Treasury bills fell to 15.77 per cent from 15.92 per cent on six-month bills and 16.37 per cent from 16.59 per cent on 12-month bills. The Bank allotted FFr 1.5bn of six-month bills with applications totalling FFRr 3bn and FFr 1.95bn of 12-month bills with total bids of FFr 3.4bn.

GOLD

Slight fall

Gold fell $4 to $427-429 in the London bullion market yesterday. It opened at $427-428, the lowest level of the day, and was fixed at $427.75 in the morning and $428.25 in the afternoon. The metal touched a peak of $428¼-429¼ in fairly quiet trading, with the New York market closed for election day.

In Paris the 12½ kilo gold bar was fixed at FFr 79,000 per kilo ($438.93 per ounce) in the afternoon, compared with FFr 80,000 ($444.43) in the morning, and FFr 80,000 ($438.96) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 30,755 per kilo ($428.97 per ounce), against DM 30,950 ($432.98) previously, and finished at $428-429, compared with $430-431.

In Zurich gold closed at $427-430, against $429-432.

	Nov. 3		Nov. 2	
Gold Bullion (fine ounce)				
Close	$427-429	(£228½-229½)	$431-433	(£230-231)
Opening	$427-428	(£228-229½)	$431-432	(£229½-229¾)
Morning fixing	$427.75	(£228.988)	$431	(£229.965)
Afternoon fixing	$428.25	(£228.644)	$430	(£229.395)
Gold Coins				
Krugerrand	$441½-442½	(£236¼-236¾)	$444½-445½	(£236½-237½)
½ Krugerrand	$227½-228½	(£121¾-122¼)	$229-230	(£122-122½)
¼ Krugerrand	$116-117	(£62-62½)	$116½-117½	(£62¼-62¾)
1/10 Krugerrand	$47¼-48¼	(£25¼-25¾)	$47½-48½	(£25½-26)
Mapleleaf	$441½-444½	(£236½-237¾)	$444½-447½	(£236½-238½)
New Sovereigns	$104½-105½	(£55½-56½)	$105½-106½	(£56¼-56¾)
King Sovereigns	$113-115	(£60½-61½)	$113-115	(£60½-61½)
Victoria Sovs	$113-115	(£60½-61½)	$113-115	(£60½-61½)
French 20s	$99-109	(£53-58½)	$100-110	(£53½-58½)
50 pesos Mexico	$530-534	(£283½-285½)	$534-537	(£284½-286)
100 Cor. Austria	$414-417	(£221½-223)	$417-420	(£222-223½)
$20 Eagles	$566-571	(£302¾-305½)	$567-572	(£302-304½)

LONDON MONEY RATES

Nov. 3 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14¼-16	15½-16	—	—	15½-16⅛	14½-15¾	—	—	—
2 days notice	—	—	15⅞-16	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15¾-16	16	—	—	16-16¼	15¾	—	—	—
One month	16⅛-15⅞	15⅞-16⅛	16	16¼-15⅞	16⅛	16¼-16⅛	15⅝	15½	15½	16⅛
Two months	16⅛-15⅞	15⅞-16⅛	—	16¼-16	16⅛	16¼-16⅛	15⅝	15⅞-15½	15⅞-15¼	16
Three months	15⅞-15⅞	15⅞-16⅛	16	16⅛-15⅞	16⅛	16⅛-16⅛	15⅝	15⅝-15½	15½-15¼	15¾
Six months	15⅝-15⅜	15⅝-15⅜	15¾	15⅞-14¾	15¾	16	—	—	14½-14⅜	15⅝
Nine months	15⅝-15⅜	15⅝-15⅜	—	15½-15¼	15¾	15⅞	—	—	—	—
One year	15⅝-15¼	16⅛-15⅞	15½	15½-15¼	15⅝	15⅞	—	—	—	—
Two years	—	—	15¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15¾ per cent; four years 15⅞ per cent; five years 15⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14[illegible]-15 per cent; four-month trade bills 15⅞ per cent.

Approximate selling rate for one-month Treasury bills 15⅛ per cent; two months 15[illegible] per cent; three months 15 per cent. Approximate selling rate for one-month bank bills 15⅞ per cent; two months 15⅝ per cent; and three months 15[illegible] per cent; one-month trade bills 16 per cent; two months 15⅞ per cent; three months 15¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16 per cent from November 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 15½ per cent. Treasury Bills: Average tender rate of discount 15.6619 per cent.

MONEY RATES

NEW YORK	
Prime rate	17½-18
Fed. funds	—
Treasury bills (13-week)	—
Treasury bills (26-week)	—
GERMANY	
Special Lombard	11.0
Overnight rate	11.05
One month	11.175
Three months	11.575
Six months	11.4
FRANCE	
Intervention rate	15.25
Overnight rate	15.625
One month	15.3125
Three months	15.3125
Six months	15.5625
JAPAN	
Discount rate	6.25
Call (unconditional)	7.0625
Bill discount (three-month)	7.40625

APPOINTMENTS

Senior post at Alcan Aluminium

ALCAN ALUMINIUM (UK) has appointed Mr J. S. Bridgeman a divisional manager. Within this role, he will be managing director of Alcan Metal Centres and will also be responsible for Alcan Ekco, Alcan Enfield and Alcan Transport Products, together with central purchasing and distribution activities. He will continue to represent the company on the boards of Saguenay Shipping (UK) and Alcan Shipping Services (UK).

★

SUPERDRUG STORES has appointed Mr Alan Chandler as senior associate director—retail operations; Mr Rodney Harris, associate director—buying; Mr William Osborne, associate director—data processing; and Mr David Coleman, associate director—property.

★

The London representative office of Chiyoda Chemical Engineering and Construction Co., has been reorganised and become CHIYODA INTERNATIONAL, a UK registered company. Mr Masataka Sawada has been appointed managing director.

★

Mr Russ Keefe took over as managing director of BRITISH AIRWAYS HELICOPTERS on November 2 from Captain Jock Cameron, the company's first managing director.

★

Mr Edgar R. H. Bowring, former chairman of C. T. BOWRING AND CO. is retiring from the Board on December 31. He will be continuing as a non-executive director of Marsh & McLennan Companies, Inc.

★

At AE AUTO PARTS, an Associated Engineering Group company, Mr Alan E. Damen has been appointed marketing director and Mr Derek Markham becomes procurement director.

★

Mrs Francesca A. Edwards has been appointed a senior assistant director of MORGAN GRENFELL & CO.

★

Mr David Wilson has been appointed BRITISH TECHNOLOGY GROUP regional director for the north west and Yorkshire and Humberside. He joins BTG on secondment from Williams and Glyn's Bank. Mr Michael Denny has been appointed regional director for north east England. Mr Denny started his own industrial holdings company in 1973.

★

PROVIDENT LIFE ASSOCIATION OF LONDON states that Major Philip Profumo and Mr Henry R. James resigned from the board when the offers by Winterthur Swiss Insurance Company became unconditional.

★

Mr John Bishop, has been appointed finance director of Crouch Group in succession to Mr David Cakebread who will be assuming responsibilities for the Group's financial activities in the U.S. Mr Bishop was previously group financial director of Richards and Wallington Industries.

Mr Peter Eio has been appointed managing director of LEGO UK from January 1. He was previously with Playtex.

★

FOSECO MINSEP has appointed Mr S. T. Crompton as group secretary in addition to his responsibilities as group treasurer.

★

Mr D. J. Atkin has been elected president of the metal trades organisations, METCON. He is director of Stanton and Staveley, subsidiary of the British Steel Corporation.

★

Mr Bob Ramsey, formerly director of industrial relations for the Ford Motor Company, has been elected president of the INSTITUTE OF PERSONNEL MANAGEMENT. He succeeds Mr Jack Coates, who has completed his two-year term of office.

★

Mr David George Lane has been appointed manager of the ELECTRICAL CONTRACTORS ASSOCIATION'S insurance and benefits division.

★

Mr Trevor Carter has been appointed financial director and secretary to the BARWELL MACHINE AND RUBBER GROUP, Cambridge.

★

Lady Anglesey has accepted an invitation to serve as chairman of the BRITISH COUNCIL drama and dance advisory committee.

★

Mr Peter C. Hicks has been appointed managing director of AUTOMATED REAL-TIME INVESTMENTS EXCHANGE (ARIEL), licensed dealer in securities, in the place of Mr Garry Arnott who has resigned.

★

Mr Bill Thomson and Mr Andrew Rait have joined the board of MSMS INTERNATIONAL, executive search consultants.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)

B.I.A. Bond Investments AG

Bank of America International S.A.

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capdirex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Chawton Commodities (Isle of Man) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. (Jersey)

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

S.G. Europe Obligations S.A.

Eurotax Investments Ltd.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment—GmbH

Free World Fund Ltd.

G. T. Management (U.K.) Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Gartmore Fund Managers (IOM) (a)

Assicurazioni GENERALI S.p.A.

Granville Management Limited

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Investment Mgmt. Intnl.

I.C. Trust Managers Ltd.

IBF Management Services Inc.

N.V. Interbeheer

International Bond Trust

International Pacific Inv. Mgmt. Ltd.

Investment Advisors, Inc.

Invicta Investment Management

Jardine Fleming & Co. Ltd.

Kleinwort Benson Group

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

M & G Group

Management International Ltd.

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Minerals, Oils Res. Shrs. Fd. Inc.

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

N.E.L. International Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. (C.I.)

Quest Fund Man. (Jersey) Ltd.

Quilter/Heinold Commodities

RBC Investment Managers Limited

Ramirco Managers Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Save & Prosper International

Schroder Life Group

Schroder Mngt. Services (Jersey) Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scrimgeour Kemp-Gee Mngmt., Jersey

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Strategic Metal Trust Mngrs. Ltd.

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

TSB Trust Funds (C.I.)

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unico Invest. Fd. Mgt. Co. S.A. Lux.

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Vanbrugh Fund Mngmt. Intl. Ltd.

van Cutsem & Associates Ltd.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jsy. Ltd.

Wardley Investment Services Ltd.

World Wide Growth Management

Wren Commodity Management Ltd.

[illegible]

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. e Today's opening price. [illegible]

WORLD STOCK MARKETS

Dow narrowly off at 1pm

STOCKS were narrowly lower at 1 pm on Wall Street in what analysts labelled a temporary pause after the steep run-up of the past two sessions.

The Dow Jones Industrial Average was off 0.95 to 865.87 at 1 pm on volume of 32.0m shares (45.8m). The NYSE All Common Index was up $0.018 at $72.06.

Mr Larry Wachtel, of Bache Halsey Stuart Shields, said a pause was to be expected yesterday after the large gains in the market since Friday and because of of the election day holiday, which cuts into institutional trading activity.

Most issues showed only fractional gains or losses, other than those involved in special situations. Oil and Technology stocks were generally lower while Transport and Aerospace sectors were up.

Mobil's $85 a share bid for **Marathon Oil** continued to attract investor attention. Marathon, volume leader, lost $1½ to $88½ after running up almost $23 on Monday.

Marathon won a temporary restraining order preventing Mobil from going ahead with its offer.

Sedco, which holds 5.5 per cent of Marathon's stock, lost $½ to $37 and Mobil declined $¼ to $25½.

General Motors rose $½ to $38⅛ in active trading. The company said on Monday it would maintain its dividend rate inspite of widespread speculation that the payout would be cut after the large three quarter loss recently announced.

Anderson Clayton advanced *$1 to $24½* on news of sharply higher earnings and **SCM** fell $½ to $22, after reporting it would take a 25 cent a share charge against earnings in the current quarter because of a reorganisation.

THE AMERICAN SE Market value index was up 2.74 to 323.05 at 1 pm on volume of 3.06m shares (5.4m).

Closing prices for North America were not available for this edition.

Canada

Stock prices continued their strong gains from Monday with 13 of the 14 indices advancing at mid session.

The Toronto Composite Index was up 24.4 to 1,906.6 at mid-day on volume of 2.6m shares.

Dome Petroleum, **Hudson's Bay Oil and Gas** and **Hudson's Bay Co.** were all halted at the opening. Dome was due to announce Beaufort Sea drilling results yesterday.

Alcan aluminium gained C$1½ to C$27½. **Dome Canada** was up C$½ at C$8½, and **Sceptre Resources Ltd** advanced C$1½ to to C$11½.

Australia

The markets continued to strengthen as rising prices for oil and gas stocks and selected miners pushed the Sydney All Ordinaries Index up 8.2 to 565.9. This represents a gain of more than 19 in the last three days and eliminates last week's losses.

The rally, sparked by bargain hunting on Friday, has been helped by the easing of key prime and broker loan rates, a resurgence on Wall Street and higher prices for Australian stocks in London.

The oil and gas index jumped 19 points to close at 591.7, consolidating Monday's 16.8 gain.

Hartogen rose 40 cents to A$5.20, **Vamgas** 30 to A$9.50, **Santos** 16 to A$5.26, **BHP** 25 to A$10.35, **Peko** 30 to A$5.50, **CRA** 20 to A$3.18, **Crusader** 50 to A$5.20, **MIM** 10 to A$3.45, **CSR** 10 to A$4.23 and **Bougainville** 2 to A$1.16.

Hong Kong

Share prices closed harder, after heavy local liquidation pared initial strong gains.

Stocks rose sharply at the outset in sympathy with Wall Street's advance, supported also by the cut in prime rates to 17½ per cent by U.S. banks.

Trading was active and the Hang Seng Index closed up 6.61 at 1,377.71 following Monday's 89.19 gain.

Among Leaders **Cheung Kong** rose 50 cents to HK$22.90, **Jardine Matheson** 30 to HK$16.90, **Swire Pacific "A"** 20 to HK$12.50, **Hong Kong Wharf** 15 to HK$8.10, **Hutchison Whampoa** 10 to HK$18.00 and **Hongkong Land** 5 to HK$9.55.

Hongkong Bank declined 10 cents to HK$14.60, while **Hong Kong Electric** shed 5 to HK$5.15.

Elsewhere, **Far East Consortium** gained 25 cents to HK$2.95, and **Far East Hotels** 4 to HK$1.75.

Singapore

Share prices closed higher on continued buying support in selective moderate trading with higher Hong Kong market advices also aiding sentiment.

Central Sugars rose 20 cents to S$13.00, **Straits Trading** 10 to S$8.00, **Development Bank** 40 to S$7.65, **Malayan Banking** 60 to S$9.40 and **Overseas Chinese Bank** 35 to S$9.15.

The Straits Times index rose 11.25 to 653.97.

Germany

Most shares ended above session lows but below Monday's closing levels, with the Commerzbank Index falling 6.1 to 688.3.

Dealers attributed the easier tone to a lack of orders and profittaking after Monday's sharp gains.

An October rise in West German unemployment and a September fall in industrial output also weakened investor confidence.

Deutsche Bank closed DM 1 lower at DM 269 as **Dresdner** retreated DM 1.10 to DM 128.50 and **Commerzbank** DM 1 to DM 127.50. In Motors **Daimler** shed 0.70 to DM 346.80 and **BMW** DM 1.50 to DM 181.50, but **VW** recovered on late buying from a low of DM 123 to close DM 1.50 up at DM 126.

In generally low turnover, **AEG** closed DM 2.20 off at DM 44.50 after reaching DM 44 and **Siemens** ended DM 1.60 lower at DM 209.20.

In Engineerings **MAN** retreated DM 3to DM 198, **Deutsche Babcock** DM 3.50 to DM 179 and **Mannesmann** DM 1.40 to DM 150.10. **Linde** advanced DM 1 against the trend to DM 324. **Preussag** shed DM 1.50 to DM 208 and **Veba** DM 1.40 to DM 134.20.

In Chemicals **BASF** and **Hoechst** declined to DM 135.00 and DM 128.50 respectively.

Kloeckner featured in otherwise lower Steels with a loss of DM 5 to DM 45.80 and Karstadt led Stores down DM 3 to DM 213.50.

Johannesburg

Gold shares closed broadly lower but trading was quiet as the bullion price eased slightly from Monday's European closing levels.

Randfontein fell 200 cents to 7,300 cents, **Pres Steyn** 100 to 4,200 and **Southvaal** 25 to 4,050. Financials were mixed, while in Diamonds **De Beers** firmed 1 to 558.

In mixed to easier Industrials **Premier Group** was untraded after results, **Southern Sun** advanced 10 to 515 ahead of figures and **SA Breweries** 5 to 475 ahead of interims due today.

Paris

Share prices tended mixed in quiet trading with a firmer bias reflecting the fall in French and U.S. interest rates.

Foods, where **BSN** rose FFr 6 to FFr 1,130, Engineerings, Stores, Electricals and Chemicals were firmer. Banks and Cars eased and Portfolios showed no clear trend.

Rhone Poulenc, which reported lower parent company pre-tax profit in the first-half, added 0.5 to *FFr 113.7*.

Creusot-Loire, which reported high first half net losses, added FFr 1 to FFr 43.5 while **Poclain**, with higher turnover in the first nine months of the year, gained two to FFr 155.

Other stocks to gain ground included **Bouygues**, up FFr 15 at FFr 915, and *Cit-Alcatel*, up FFr 10 at FFr 650.

In Foreign stocks all sectors gained ground except gold mines, which were mixed.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

Financial Rand US$0.76½ (Discount of 26¾%)

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

FINANCIAL TIMES SURVEY

November 4 1981

THE ENGLISH NEW TOWNS

Telford

Like most of Britain's new towns Telford has found its earlier promise denied by the impact of world recession on manufacturing and investment plans. It has not lost heart, however, and is seeking to maintain its development momentum by looking to attract industry in the high technology areas and putting out feelers among U.S. and other foreign investors.

CONTENTS

TELFORD II

Uphill task to counter recession

BY LORNE BARLING

TELFORD NEW TOWN in Shropshire has suffered a severe setback *in recent months* as a result of major redundancies which have been largely responsible for the rise in unemployment in the area to around 20 per cent—but this should perhaps be regarded in the context of how much worse things could have been without some of the recent achievements.

In the circumstances the optimism which persists in Telford is encouraging, since the sudden loss of jobs has in a sense undone many years of hard work by the Development Corporation in attracting *new companies to the town.* Since 1967 altogether 17,000 jobs have been created.

There are two main causes of the high unemployment. For one, the recession has accelerated the decline of Telford's older industries and caused redundancies at some newer ones, notably those connected with the motor industry. *The other serious problem is* historical and arises from the high proportion of people with young children who moved to Telford around 10 years ago. This has resulted today in a "bulge" in the number of young men and women seeking jobs.

Telford was designated as a new town in 1968 with an ultimate population target of 200,000. But this assumed a far greater exodus of industry from the West Midlands than has actually occurred, and the target has since been lowered to around 150,000 by the mid-1990s. With the population now 105,000, planners are aiming at 135,000 by 1989.

The new town includes the old market town of Wellington and the adjoining areas of Oakengates, Dawley (once designated as a new town), Madeley and Ironbridge, a reminder of the region's long industrial past. Only 18 months ago the last coalmine closed, with the loss of 600 jobs.

One of the most problematic *constraints on the Development* Corporation has been the requirement, which applied until recently, that it should confine its activities to attracting industry only from the West Midlands. Aside from the problem of the contraction of many West Midlands industries, this meant that many of the manufacturing plants set up in Telford, such as GKN Sankey, were subsidiary or satellite activities of major concerns, vulnerable to economy cuts *which have in fact taken place.*

The decline of demand for commercial vehicles in the past 18 months has meant the loss of around 1,800 jobs at GKN Sankey, which manufactures wheels, chassis and pressings for this sector of the motor industry. The company recently announced, however, that it will expand its interests in defence *equipment; a new company,* GKN Sankey Defence Operations, is to be based in Telford.

Other encouraging news has been the Inland Revenue's choice of Telford for its first PAYE computer centre, which will create around 250 jobs in coming years, while a new general hospital will mean an additional 1,000 jobs.

*As the TDC points out, how*ever, one major redundancy decision at a large company takes a lot of offsetting with new arrivals; while about 4,000 new jobs were created in 1980, more than 4,500 were lost. But with the ability to seek new investment world-wide, it believes this trend will soon be reversed.

New efforts are now being made to promote Telford in the UK while approaches are being made to companies in Japan and the U.S. in an attempt to attract them to Telford when they are thinking of investing in Europe.

One of the major headaches for Telford's promoters over the past few years has been the absence of motorway access to the town as a result of continual postponement of the M54 link to the Midlands motorway network. This road is now under construction, however, and comfort is taken from the fact that the middle section was started first. "It would be difficult to postpone it again," one TDC official observed.

Although Telford is less *central than some other towns* competing for investment, this is not necessarily a disadvantage when high technology companies are often seeking an attractive environment as much as a good location. The M54, due to be completed in 1983, is likely to have a significant impact in the longer term.

Until the onset of recession *Telford's development* had gone very much according to plan; 35,000 newcomers had settled in the area, around 16,000 new houses had been built and more than 450 new factories put up to accommodate the good mix of new companies moving on to the industrial estates. At one time a factory was being let every one-and-a-half working days.

The combination of low investment by UK companies and competition from other towns means that Telford's best prospect for increased employment now is *the growth of* indigenous companies, many of which are medium-sized, successful and flexible. While many have trimmed their workforces, they will certainly increase them when demand improves.

But a major concern is the training of the large number of young unemployed, and the closure 18 months ago of the Manpower Services Commission's Job Centre in Telford came as a serious blow. It has been replaced, however, with a locally funded Opportunity Centre to provide apprenticeships and other training.

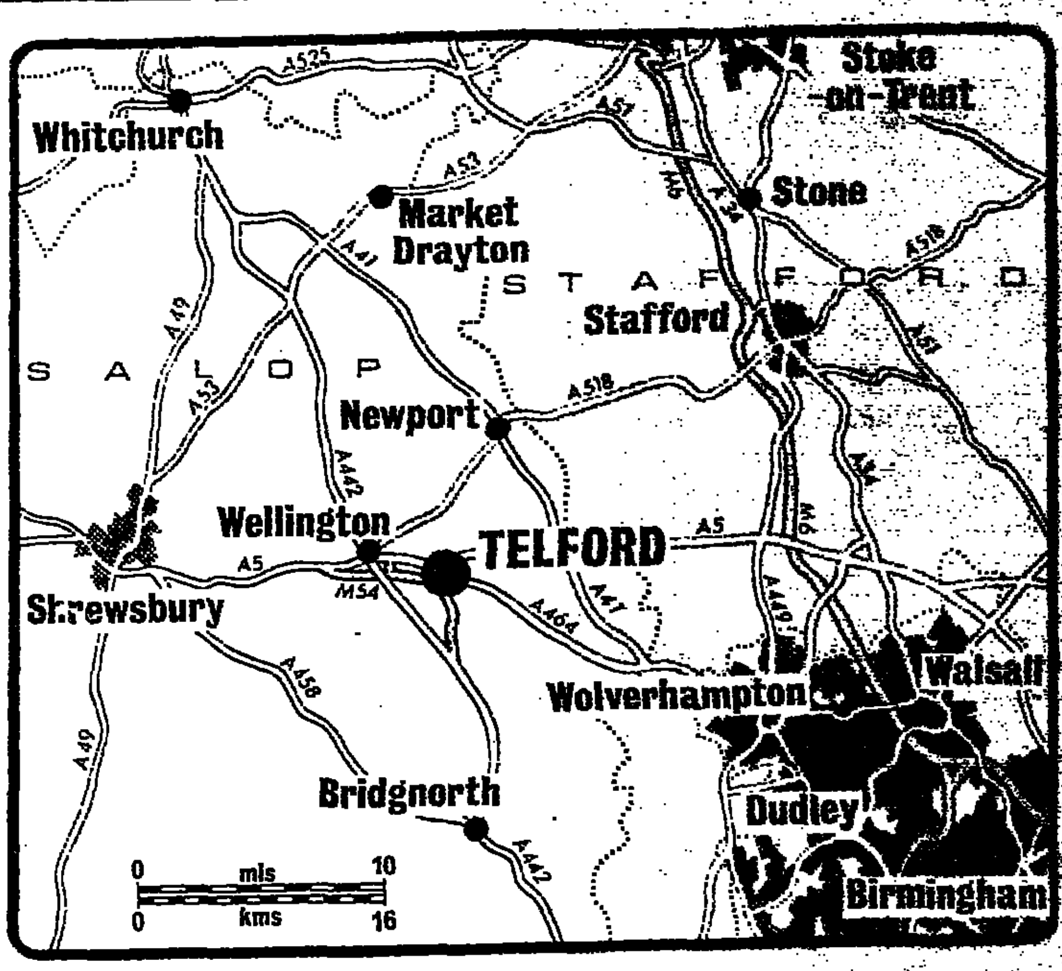
Wrekin District Council, the main local authority, is providing [illegible] for the scheme, while the TDC and the Shropshire County Council are giving some financial support. Equipment has been provided by the MSC.

As in other areas, considerable aid—as it has been for the past five years—is being provided for the setting up of small businesses in an effort to strengthen the infrastructure of industry. A small industrial research and development section has been set up by the TDC, where business projects can be discussed and analysed to see if they are viable.

The aim of the development officers now is to double employment on Telford's main estates, reduce reliance upon the motor and metal related industries, and encourage existing companies to move into higher technology activities, even though this may not mean an initial rise in the *number of jobs in the com*panies concerned.

"Future growth in Telford must be employment-led. We have had a very rough time *from the older industries here,* but we still see UK-owned companies as being more important in the long term than investment from abroad," says the TDC.

The area's labour pool has highly developed skills which can easily be adapted to new types of industry. This is seen as a major incentive for foreign companies, particularly those which require good industrial relations as a priority.



"Human relations are extremely important to Japanese companies, and we are actively looking for investment from there. We also see the U.S. as a potentially big *investor here and* have approached a selected number of companies."

The town's promoters are nevertheless aware that attracting foreign industry can be a long job, and that it may take up to five years to "land" a major investment. "It's a question of getting on the shopping list of potential investors. *It is also a matter* of selling England, the Midlands and then Telford," according to Mr John McMahon, Telford's industrial director.

He estimates that 50 per cent of future job growth will come from the growth of existing companies in the area, with the rest split evenly between new UK investment and foreign arrivals.

Telford's industrial growth has been accompanied by heavy investment in roads, housing, landscape improvement and amenities, which have been mainly funded by Treasury advances totalling more than £275m at the end of last year, *and by a further £300m invested* by statutory authorities and private enterprise.

Like other new towns, Telford *has seen a significant increase* in the volume of private sector investment, particularly by institutions in industrial and commercial property projects—something which must be *regarded as a step in the right* direction towards ultimate self-sufficiency. It is also a vote of confidence in the town's future.

In the long run the recession is likely to be seen as a temporary setback in Telford's otherwise steady growth, but one which some important lessons have been learned about the dangers of relying too heavily on particular sectors of industry.

Hopes rest on growth in high technology areas

INDUSTRIAL LIFE in Telford has been invigorated over the past decade by heavy investment in *new factories and the* necessary social infrastructure, creating thousands of new jobs in an area where the decline of coal mining and related activi*ties would otherwise have taken* a heavy toll.

The recession has given an indication of how bad things could have been without the *new town status—although with* 20 per cent unemployment Telford is still the worst-hit industrial centre in the Midlands. It is nevertheless significant that around five per cent of unemployment can be attributed to redundancies at one company, GKN Sankey.

Overall, the loss of jobs in Telford recently has mainly been through rationalisation of plants owned by larger companies, but this has been offset by the growth of a number of successful medium-sized concerns, some of which were started in the last decade and have grown fast.

Telford's largest industrial employer is the Central Ordnance Depot at Donnington, where more than 3,000 work, *followed by GKN Sankey with* a work-force of around 2,300. Glynwed Appliances is at nearby Ketley, producing Aga and Rayburn cookers, but the *number employed* there has fallen to around 1,000, less than half the total of a decade ago. Nevertheless, the increased use of solid fuels has improved demand recently and the company's product range has been increased.

Clifford Williams, the Telford clothing manufacturer owned by Baird Textile Holdings, employs around 600 and after a record year in 1980 has recently increased its work-force by 40 in response to a major new order for jeans.

Its managing director, Mr Jack Bennett, said: "Our policy has been to hold on to our work force throughout the recession. We have now reached a stage *where our aggressive sales tech*niques are winning enough new business to require extra capacity."

Berec, the manufacturer of *Ever Ready batteries, is also* a major employer at Telford, with a work-force of 900 concerned with the output of traditional dry-cell batteries for calculators, radios and other applications. The work-force has remained stable for some time, although the plant has suffered from lower demand during the recession.

In the middle range of companies based at Telford there are around 10 which employ between 200 and 500, most of which are in the engineering and metal-processing sector, and they have so far survived the recession without major cutbacks.

These include A. B. Cranes, manufacturers of cranes and heavy steel fabrications; Brinton Telford, making carpet yarns, Fulton TI in tube manufacture for braking and refrigeration systems; National Standard making wire for tyres; Russels Rubber, also making motor components; and Lilleshall, the steel company.

Sperry Vickers Automation and Pneumatics, which employs just over 200, became part of the U.S. Sperry Corporation in 1972, and the Telford plant is concerned with the manufacture of power pneumatic valves, cylinders and ancillary pro*ducts.*

The company exports to 40 countries and its products have a wide range of applications, from power pneumatic controls and general fluid control to offshore, petro-chemical and food-processing industries.

Industry

LORNE BARLING

Link 51, the storage and materials handling group, is a large employer in Telford, with a workforce of around 700 in its group head office and four factories. The company, now celebrating its 30th anniversary, has expanded with the growth of the warehousing industry, concentrating on product application and developing new techniques. Around 40 per cent *of production is exported.*

It has also diversified into steel furniture, plastic mouldings and has a steel rolling mill. Company turnover is now around £28m and Telford is considered as the most likely location for future expansion.

In the high technology field, Telford has attracted a number of fast growing companies, most recently Unimation (Europe), a subsidiary of Unimation of the U.S., the largest manufacturer of robotic equipment and systems in the world.

Total staff at Unimation has *increased from 20 in 1978 to* around 70 now, most of them highly skilled, and a 4,000 sq ft extension to the Telford headquarters was recently completed. Since February this year all of the popular Puma robots sold in Europe have been built in Telford, with 90 per cent of the components supplied by UK manufacturers.

Production of these robots at Telford is now 12 a month and by this time next year output it expected to reach at least 20 a month, with the fastest growth in the food, ceramic and motor industries. The robot market is expected to increase by 35 per cent a year during the 1980s.

A small but significant U.S.-owned company *in Telford* is MacDermid GB which is concerned with the research, development and manufacture of specialised chemical processes used by the metal finishing, plating-on-plastics and printed circuit board industries. The company, whose work-force has increased from seven to 38 in the past few years, is now the market leader in its field and has a market share above 50 per cent in many cases of printed circuit board manufacture.

Telford is now MacDermid's main manufacturing centre for Europe and exports go to 12 different countries. The company is embarking on a sales campaign in Eastern Europe and its prospects for further growth are regarded as extremely good.

A third American-owned company in the area is IIC, which manufactures frames for photographs. It moved to a 40,000 sq ft factory in Telford last year and is now completing its move to a new 100,000 sq ft facility nearby. IIC currently markets its products in the UK and the rest of Europe *through* outlets such as department stores and photographic retailers.

Despite delays over the completion of the M54 motorway link Telford's accessibility has been demonstrated by the Telford Bottling Company, Cinzano's bottling plant for Cinzano products which are shipped in bulk from Italy to Newhaven docks, where they are transferred to road tankers for their journey to Telford. The company is now spending around £2m on a major UK advertising campaign.

Reliance Electric (a subsidiary of Exxon of the U.S.) which manufactures variable speed drive equipment has grown rapidly since its arrival in Telford in 1974, and the company is building a new factory to provide more produc*tion and office space. It is also* a supplier of programmable controls for continuous process plants such as used in paper-making, rubber and plastics.

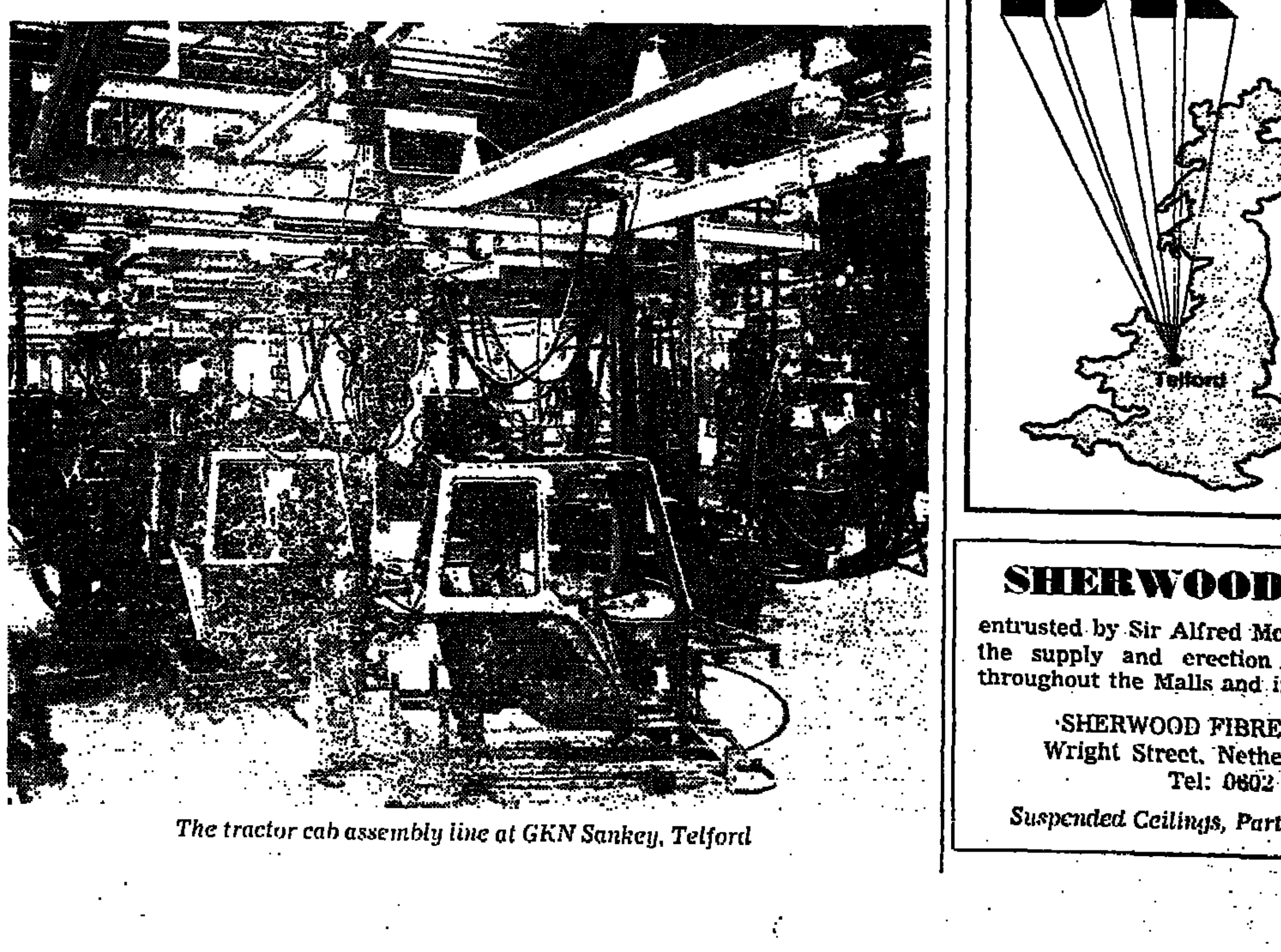
All *these companies* are important to the future of Telford, since most have a strong commitment to the area and are in growth sectors of industry, with the likelihood of steady expansion themselves. In the longer term some at least could become much larger, but development authorities are wary of one dominating industrial presence.

Mr Bob Hammerton, chief executive of the Telford and Shropshire Chamber of Commerce, believes that one of the reasons why Telford has suffered so badly from the reces*sion has been the higher de*pendence than other West Midlands areas on metal-based industries.

Overall, he blames policy*makers rather than the major* companies which have shut down some of their operations in Telford, since that type of retrenchment was obviously necessary for them to survive. "If the Development Corporation had been able to recruit industrial investment world-wide ten years ago, things would have been very different," he said.

Small companies in Telford are also extremely important to the local economy, he points out, and most have weathered the storm well, particularly those with a strong position in a small market, but their ability to absorb major redundancies is limited.

Mr Hammerton believes that strong emphasis should now be placed on training young Telford people for work in high technology industry, particularly in computers and elec*tronics, to meet the require*ments of expanding companies and those that will come to Telford in the future.



The tractor cab assembly line at GKN Sankey, Telford

Main demand shifts to premises in the smaller range

Industrial Property

LORNE BARLING

MORE THAN 5m sq ft of industrial floor-space has been built by Telford's Development Corporation (TDC), since it came into being. Last year its factory lettings hit record levels, but the onset of recession has inevitably slowed the rapid pace of development which Telford had earlier achieved.

Although recession had begun to take its toll in the latter half of 1980, a total of 80 factories were let during that year, a 14 per cent increase on 1979. Total floorspace involved was 468,000 sq ft, with an average of nine new jobs per letting, and of the 700 new jobs created many were by "workshop tenants" who took 44 of the 80 factories involved.

As in other towns, Telford is increasing the emphasis on suitable industrial premises for small firms, a policy endorsed by the chairman of the Development Corporation, Lord Northfield. "Naturally, small concerns do not create vast employment opportunities when they are set up initially, but one only has to look at their track record to realise they offer great potential," says the Corporation.

This trend is backed up by recent changes in demand, with increased numbers of companies looking for small premises of 2,000 sq ft or less, while there has been a fall in the requirement for medium-sized factories. The TDC said there was still a good market for large factories or development land for them.

More than 475 new factories have been built by the TDC so far, and three new industrial areas are now under development to meet future industrial growth. More than 2,000 acres of land have been reclaimed, and 1,000 mine shafts made safe.

The new estates are at Halesfield, where 60 sites have been developed on 273 acres, around two-thirds of the total space available; at Stafford Park, where sites have been developed on about a third of the 345 acres: and at Hortonwood, where only 14 acres of 345 acres have been developed. Development land available on these sites ranges from half an acre up to 60 acres.

The larger sites are regarded as suitable for campus-type developments along American lines, perhaps with a mixture of office and high quality factory space suitable for electronics or other high technology companies.

The TDC has so far completed 81 "workshops" up to 2,000 sq ft and has a further 20 under construction, while it has built 354 speculative factories ranging in size between 1,600 sq ft and 81,000 sq ft. A further 38 units amounting to nearly 250,000 sq ft are under construction.

A high proportion of speculative factory space and development land in Telford is taken up by expanding local companies, many of which ultimately decide to go for a purpose-built unit, usually on TDC land.

One of the largest new factories recently completed in Telford was for IIC, the American picture frame company, which was previously in rented space on the Stafford Park estate. Work is also going ahead on a 30,000 sq ft factory for Reliance Electric which will move from three units, amounting to 21,000 sq ft, rented from the Corporation.

The new factory includes high quality offices and is located at Halesfield, the corporation's largest estate. It is the product of the Corporation's own design-and-build department, working to Reliance's specifications, and is being constructed by Linfords (Midlands) at a cost of around £500,000. Completion is expected in June next year.

The Corporation points out that Reliance has been able to vacate its leased premises without penalty, a factor which is of importance to companies wishing to move upmarket, often at fairly short notice.

Bischof and Klein (UK), a West German-owned packaging producer, has recently become the first company to buy an industrial freehold from TDC, acquiring a 3.75 acre site and a factory which will be 40,000 sq feet in size when all phases have been completed.

The Corporation aims to keep around six months' supply of speculative factory space readily available, giving companies a range of choice and of course being ready for any surge in demand. At present there are around 2,000 new jobs due to be created in the near future by expansion and incoming concerns.

With an eye to the U.S. electronics industry, TDC is now considering the speculative construction of hybrid office/factory units of the kind which have become popular in North America. These would be up to about 5,000 sq feet and perhaps provide an additional incentive for U.S. companies to locate subsidiaries in Telford.

In line with Government directives, TDC has recently disposed of the Tweedale Industrial Estate, which was bought by Equity and Law Insurance; other institutions have been playing an increasing role in funding industrial developments.

Until 1979 the institutions had not been involved in Telford, but recently the Post Office Pension Fund and Wyndham Investments, the property arm of the Allied Breweries Pension Fund, forward-funded two major projects, each costing around £2m.

Although participation by funds obviously depends largely on prevailing conditions, Mr Chris Mackrell, TDC's assistant commercial director, believes it right that Telford industrial property should be funded by the private sector as well as the Government, so that a balanced local economy is achieved.

He points out that a high proportion of leased factories are eventually sold to the companies occupying them, or to institutional funds, to avoid an ever-increasing build-up of holdings by the Corporation, which nevertheless dominates the industrial property scene.

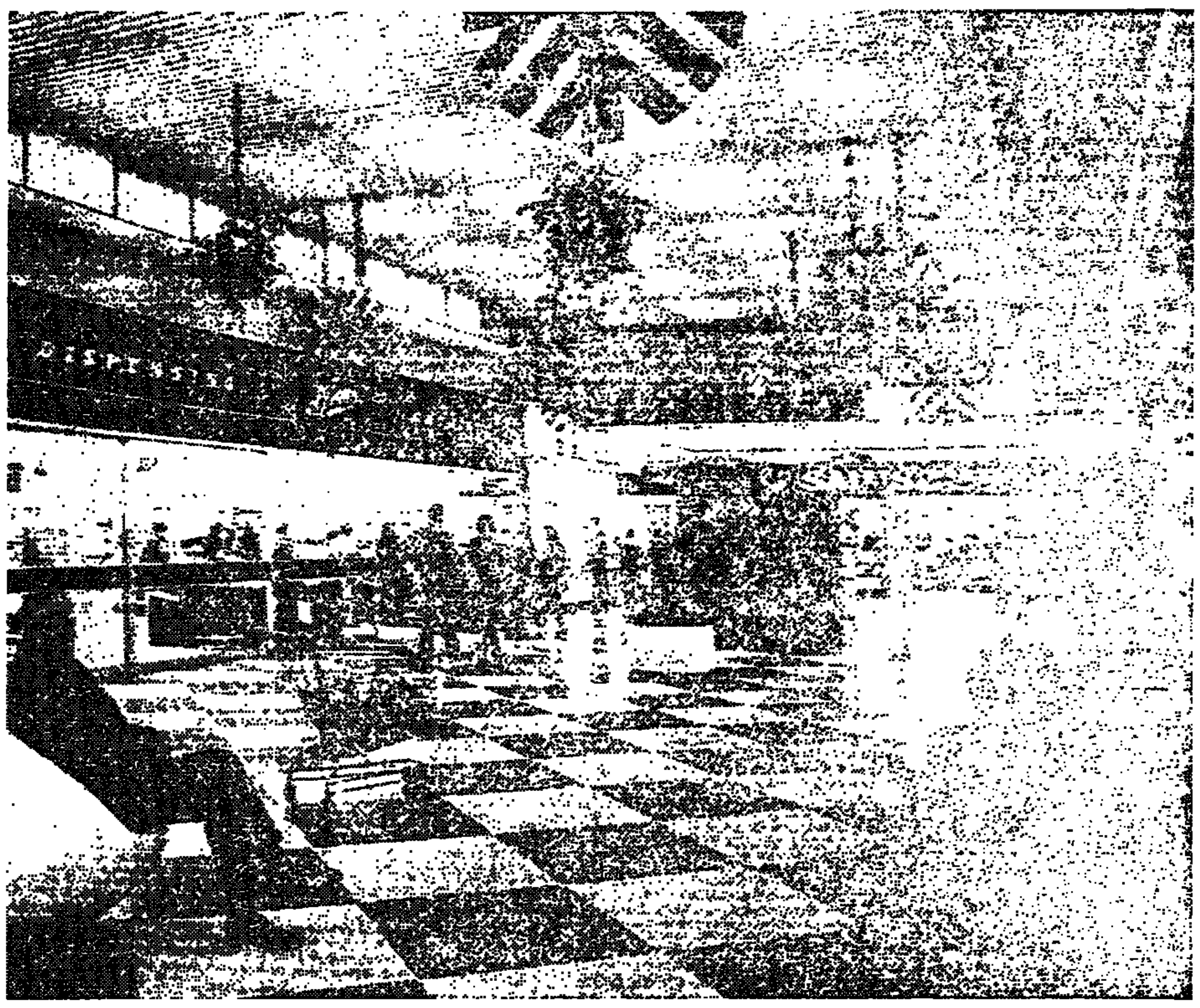
One competitor, however, is Lilleshall Estates, a subsidiary of Lilleshall, a long-established steel stockholding, re-rolling and metal treatment company. The property subsidiary was started around five years ago with the refurbishment of some surplus company buildings, but has since grown considerably.

The company, which has useful land resources, has specialised in units of less than 2,000 sq ft, and has built five at St Georges and 10 at Priorslee, with successful results. It will build a further 11 units at Priorslee and two smaller ones at St Georges next year.

Mr David Cox, the company secretary, said that Lilleshall Estates had become, with the assistance of the parent company, a fully-fledged property development concern capable of handling aspects ranging from legal work to steel fabrication and construction.

He added that there had been no shortage of tenants for the small units it had built, and that the company now had around 70, some in refurbished buildings. He claimed that in terms of speed and lack of formality it was able to provide premises more easily than the Corporation.

This kind of competition is welcomed by TDC, which believes that any kind of monopoly in Telford, such as its own in the industrial property market, should eventually give way to the free market conditions which any normal town experiences.



Household names like Boots and Sainsburys (seen here in familiar proximity) are among the big stores in the shopping centre

Shopping centre doubled in size

Commercial Property

PETER CARTWRIGHT

TELFORD'S NEW £30m second-phase of the central shopping area is expected to accelerate local spending, already running at a brisker pace than the national average. For the first time it will provide a real focal point and a range of facilities to compare with those in surrounding towns to which many people have been going for their family needs.

It provides 60 units to add to those built a number of years ago in the first phase. All but 15 per cent of them will be trading by the end of this month in time to catch the Christmas trade, and all should be operating early in 1982.

With over 700,000 sq ft of environmentally controlled shopping space it more than doubles Phase 1 and brings to Telford a batch of top national traders like W. H. Smith's "Do It All" DIY centre, C and A's garment shop and others that people have previously had to go to Birmingham, Wolverhampton or Shrewsbury to visit.

Phase 2 is aimed at stemming this "outside" expenditure and is not good news for competing shops within a 20- to 30-mile radius which up to now have been the beneficiaries of Telford's lack of top class amenities. It is reckoned that even taking Phase 1 into account, money earned in Telford is spent more outside the area than in.

The enlarged centre may also cause some readjustment within Telford itself, at traditional shopping areas like Oakengates, Dawley, Wellington and Ironbridge, certainly in the early days when no doubt curiosity will play its part in helping to get the new stores off the ground in shopping terms.

But the new centre is some distance away from the customary local shopping areas — Wellington, for instance, is about three miles away — and the rising cost of travel will count in favour of nearby shops.

For the newcomers to the centre the auguries are fairly good if the history of Phase 1 is repeated. A survey by the Development Corporation completed as recently as last March estimated that total turn-over before Phase 2 had come into operation was around £850,000 a week, or £44m annually. This is more than twice the estimated £22m turnover of 1977. Bearing in mind inflation and the increase in population, the real increase in spending over the four years is put at 17 per cent. This compares with an 11 per cent growth in retail expenditure nationally over the same period.

Looking separately at North Telford and South Telford, the survey found that people in the north — that is Wellington, Hadley and Oakengates — were spending more money on average, but those from the south, from Madeley, Ironbridge and Dawley, were making more use of the centre.

On the other hand, fewer were coming into the centre from outside the town. Phase 2 is expected to reverse this trend. If it does it will be welcome to the bigger units like W. H. Smith, which has 45,000 sq ft given over to everything from calculators and' photographic materials to wall paper and garden implements, altogether a £2.5m investment.

The new centre has a well-populated catchment area. Some 150,000 people live within a 15-mile radius and 250,000 within a 25-mile radius. Telford's population is also continuing to grow, though admittedly at a slower rate than originally planned. The population now is around 120,000 and the target figure is 130,000 by the end of the decade and 150,000 in the 1990s.

The town centre is fairly easy to reach by road, and when the extended M54 is completed in 1983 will become easier still. With 4,500 existing surface parking spaces it should be able to cope with anticipated growth pattern—though if, as the Development Corporation hopes, it becomes a sub-regional centre, then some upward revision may be needed.

To these more severely practical considerations are being added other amenities. It is already possible to walk out of the shopping centre into 400 acres of handsome parkland, and leisure activities will occupy a more important place in future phases. "When Phase 2 really begins to get going we are confident we shall be able to attract large-scale investment in leisure," it was said. "A number of schemes are currently under discussion with sporting and entertainment interests."

The kind of things being looked at are ice skating, discos, an open air theatre, swimming, the now almost obligatory saunas and outdoor sports. There are ambitious landscape schemes to put appropriate amenities in an attractive setting.

What is so far largely missing from the scene is a professional and business presence, although there are four banks and two building societies, with a fifth bank possibly to be included in one of the major shops on a franchise basis. Phase 2 will also incorporate smaller more specialist shops with 35,000 sq ft of offices over them at Darby House, some of which will be needed to look after the shopping complex. A standard shop unit will have a 25 ft frontage and 60-80 ft depth, for which the suggested figure in the best locations is around £20,000. Further office developments will add another 35,000 sq ft on two floors over shops.

The traditional professional centre of the area is Wellington, and there is no reason to suppose that it will not remain so, according to those working there. This is where solicitors, accountants, insurance companies and building societies, estate agents and printers have principal offices.

Brand-new town centres are not the ideal place for professional people, and indeed there is no provision for them yet. But there is bound to be some migration as the centre assumes greater importance and influence.

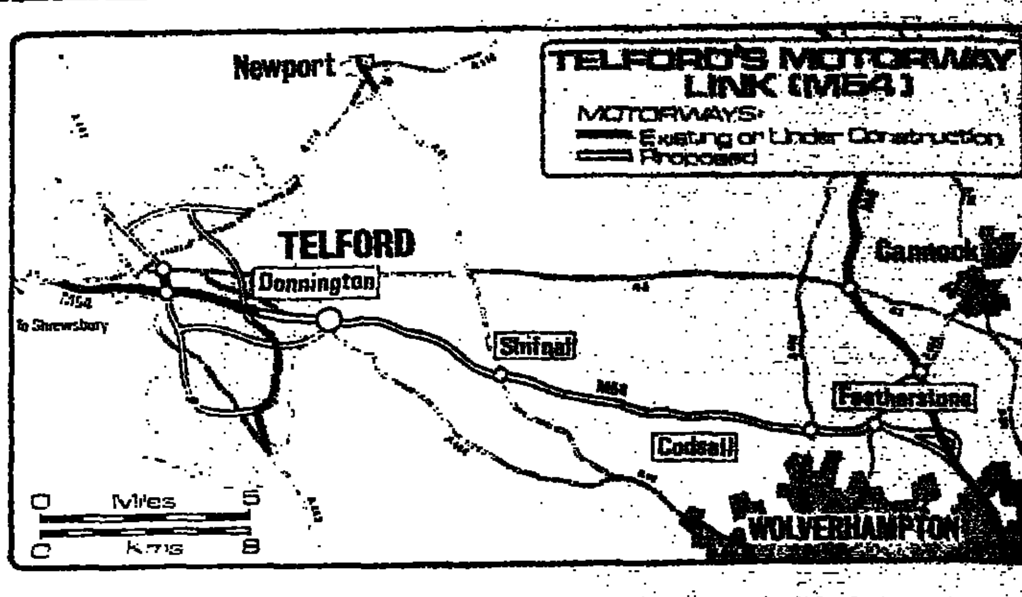
It is already exerting some pressure on shop rentals, particularly of older types, and some gaps have been left by the removal of national traders to the centre. On the other hand, if shops do become vacant they are fairly quickly taken up by those looking for better or bigger premises.

This kind of local, or even regional, turnover is likely to continue, since the bigger department and other stores generally shy away from investing in old towns, even those of such historic eminence as Ironbridge. On the other hand, as the new centre gets filled up and more spending is generated locally, second and third rank shops may well decide to try to cream off some of the business.

While Wellington may well retain its primacy in the professional field, when Phase 2 really gets into its stride it is bound to have a marked effect on the growth and activity of the centre. A strong beginning has been made in bringing new skills to Telford with the establishment of the Inland Revenue's national development centre for computerising PAYE. This is due to be opened next May and will employ some 250. It may also attract satellite regional PAYE offices. It joins the Thorn data processing headquarters dealing with the whole of Thorn Electrical Industries. Together they form a powerful nucleus for the growth of modern office techniques.

Further impetus will be given when a railway station is opened to the north of the centre just south of the M54. This is now in the planning stage and is designed to put alighting passengers within about 400 yds of the centre via a footbridge. An overall view of existing and future developments suggests that the new centre will add appreciably to its prosperity.

Motorway link to bring relief



THE RECENT announcement by the Department of Transport that the last section of the M54 motorway link from Telford to the M6 is to go ahead will have come as a great relief to commerce and industry in the area. A series of delays has put back the completion date of the M54 by more than three years, and this has come at a difficult time for Telford's industrial promoters, who already face the problems of recession.

There is little doubt that the completion of the M54 in the autumn of 1983 will be a considerable incentive for new investment in Telford, since existing single-lane road links have been increasingly inadequate for the traffic load.

Contracts for four sections of the M54 were placed this year, the first being the Donnington section, now being built by R. M. Douglas at a cost of £8m. The second, the Shifnal contract, was awarded to A. Monk and will cost £11.75m, while the Codsall section is being built by Alfred McAlpine at a cost of £13m. The final contract is for the Featherstone section, awarded to Tarmac at a tender price of £13.4m.

Including land and compensation payments the 17.5-mile motorway will cost around £60m all told. It is one of the first motorways in Britain to be independently assessed for environmental treatment, and a high proportion of the road is in cuttings to reduce its impact on the surrounding countryside.

Commencing at the eastern end of the existing M54 Wellington by-pass at Priorslee, the route of the new motorway runs east, crossing the A464. At Castle Farm a two-level junction will be provided to connect the motorway with the A464, and with a proposed new road serving Stafford Park industrial estate and leading to the centre of Telford itself.

Continuing eastwards, the route passes north of Shifnal, crossing the A41 trunk road at a two-level junction south of Tong. After passing through the southern part of Big Wood at Chillington and bridging the Shropshire Union and Worcestershire Canals, the route crosses the A449 trunk road at a two-level junction near Coven Heath.

Communications

LORNE BARLING

A similar junction is proposed with the A460 principal road between Featherstone and Hilton Main Colliery. The motorway then joins the M6 at Essington, where there will be provision for traffic travelling to and from the South. Traffic to and from the North will use the A449 and A5 between the M6 and the new motorway, which will have dual two-lane carriageways, not three as was once proposed.

Mr Kenneth Clarke, Parliamentary Under Secretary of State for Transport, said recently when announcing the last contract: "The economic problems of Telford make it essential to provide proper links with the West Midlands and the national motorway network. Work will therefore proceed on the motorway as soon as possible."

The motorway was designed by the consulting engineers Sir Owen Williams and Partners, who will supervise the work under the direction of the Department of Transport's Midland's road construction unit.

When the M54 has been completed travelling time to the M6, Birmingham and the West Midlands industrial conurbation will be reduced to less than 40 minutes, and it will relieve traffic problems currently encountered on the existing routes into and out of Telford along the A5 and the A41.

Travelling time to Birmingham airport, 45 miles away, and Manchester International Airport (60 miles) will also be reduced, while movement of goods will become considerably easier. There are also private landing facilities at nearby RAF Shawbury and RAF Cosworth.

Rail services to Telford are provided mainly through the station at nearby Wellington, and at New Hadley and Oakengates, which provide links with Wolverhampton and Birmingham, with some Inter-city services direct to London-Euston.

Discussions are now taking place, however, between British Rail and the Development Corporation on the construction of a new station in central Telford. A possible site has already been identified, providing good road access, and the station is likely to go ahead with costs shared between British Rail and the Corporation, possibly with the inclusion of other amenities in the development.

The new station would provide an important focal point for transport in the town centre, and be linked with complementary bus services, taking some of the load off roads. Nevertheless, the major network of new roads which have been built around the town in conjunction with its development are likely to meet requirements for many years to come.

Another significant advantage of the completion of the M54 could be an increase in the number of warehousing developments in Telford which has previously seen little activity of this kind. Although warehousing has in the past been discouraged by many new towns since it was thought that it created too few jobs per square foot, increasing automation by industry has closed the gap considerably.

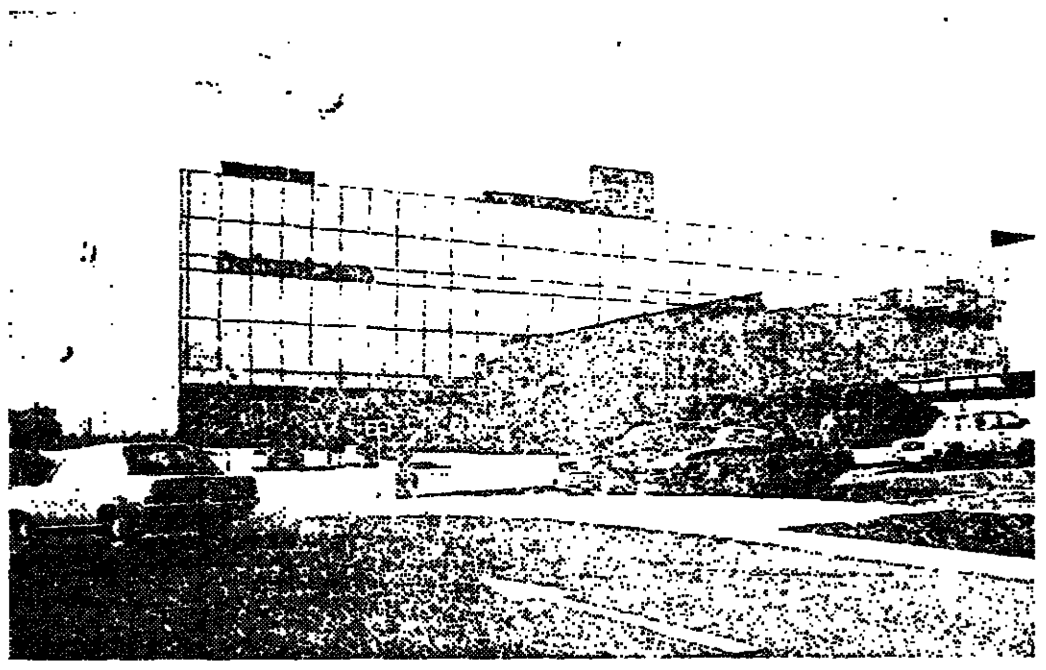
More sophisticated warehouse-type operations are therefore more welcome these days, particularly when they involve major trans-shipment operations which are comparatively labour-intensive.

There is little doubt that the new marketing initiative recently recently launched by Telford will benefit considerably from new developments in communications, where the infrastructure in the past has been a potential iscouragement to investment.

COMING SOON

The North-East New Towns —*and the vital role they play in the economy of the region*—will be featured in a Financial Times survey to be *published early next year.*

Next month, in a 16-page survey, Financial Times writers will be assessing *prospects for Merseyside* following the events of this summer and in the light of the major Government initiatives announced by Mr Michael Reseltine, Environment Secretary, after his recent extended visit to the area.



Debenhams superstore is among the major premises in Phase II of the shopping centre

Private builders give hopeful lead

FOR A town with an unemployment rate of over 20 per cent that puts it at the top of the West Midlands unemployment register, even a hint of good news is welcome. So it is encouraging that in September four new housing estates were opened in Telford by private builders, who now have most of the responsibility for the development of the new town.

Two estates are being started by the Tarmac group, one by Whelman and the fourth by William Leech. The first two, together with Barratt and Wimpey, have been associated with Telford since the early days and are among those regarded as the "Top Six" national builders.

Along with more regionalised and local builders like Galliers, J. Thomas, Second City and Fairclough, the private sector has contributed more than 2,500 houses on Telford Development Corporation land, and probably another 1,000 have been built elsewhere in Telford—which incorporates established towns like Wellington, Oakengates and Ironbridge.

As in other new towns public housing has been provided in Telford firstly to enable incoming companies to move in at least their key workers as well as plant and equipment. Since the mid-sixties 11,100 homes for renting—from one bedroom upwards—have been added to the housing stock.

At the peak of demand new homes were being built at the rate of 1,500 to 1,600 a year. In the current year to March next only 27 homes have been started. This is due mainly to the Government's policy of moving the main responsibility for house-building to the private sector and also reflects the severe impact of the recession on the town.

Housing

PETER CARTWRIGHT

This impact has been felt both directly and indirectly. In more prosperous days Telford offered an attractive and relatively cheap area from which to comute to Wolverhampton, some 17 miles away, or Walsall and nearer parts of the Black Country like Dudley and Sandwell. But all these places have been badly hit by the collapse of the vehicle and general engineering industries. Moreover, the high cost of motoring or rail travel, together with the general uncertainty about employment, has greatly diminished the demand for commuter homes.

Over the years a considerable number of those who came to Telford to live but work outside the area found local jobs. But some of the mainstays of Telford's employment have succumbed to the recession and the rate of incoming new industry has slowed appreciably.

That four new private estates should be started in these circumstances is taken as a hopeful sign of better things. The Corporation has so far provided land for 3,000 privately built homes, of which 2,500 or so have been completed or are in the course of construction. The Corporation also has land for another 8,000-9,000 houses for which the roads and drainage are already provided. This should allow further expansion well into the middle of this decade. Beyond that the land would require infrastructure work.

In the public housing sector rents are about roughly comparable with those of any other new town development since they are influenced by Department of Environment rules. In Telford a semi-detached three-bedroom house with garage costs about £30 a week including rates, rather better value than is to be found in other modern housing developments.

This year the Corporation will complete 250 houses. After that, since there are 1,100 homes vacant, it will reflect on its future programme. Obviously this will be guided by both the local scene and Government policy. But it hopes it will be able to proceed with the "special needs" homes for the retired, the elderly and the handicapped by building more bungalows and low-rise flats or maisonettes. There are 200 enquirers for bungalows and ground floor flats and the list is growing. Among applicants are those who came to Telford in the original intake and are now seeking smaller more convenient homes.

The 1,100 vacant homes exist despite several batches of "open market" sales in the past 18 months to try and shift the backlog, especially on the outlying estates. These are conducted in accordance with Department of Environment criteria which, including discount, allow a market price not less than the house cost. This has enabled some sitting tenants to buy a three-bedroom semi for around £4,000 and a newcomer for perhaps £4,400. It may be added that both should expect to pay more.

So far 714 houses have been sold in this way and many more are in the pipeline. The Corporation expects to have sold some 2,000 by the end of next year, or nearly 20 per cent of the housing stock.

Development of amenities has kept in step. The most ambitious is the shopping centre, which has effectively doubled its area. This has attracted several leading national stores and should help increase the money spent in Telford. An extension of this phase will contain more shops but is primarily designed to expand the office area above the shops. A third phase, due to be completed in the mid-80s, will round off the shopping centre. For the convenience of shoppers a bus station has been built and a railway station is planned.

From the centre one can walk out into 400 acres of town park land which it is intended to develop more intensively for leisure activities. There are great hopes of being able to attract the growing body of leisure developers to invest here and elsewhere in the town.

A number of activities are associated with comprehensive schooling, including the dual use of swimming baths, sports facilities and halls as community centres. The district council is opening new baths at Wellington shortly to replace the old.

The area boasts only one cinema, at Wellington, and there is no repertory theatre — although there are several flourishing amateur dramatic and one or two operatic societies. For those with outdoor tastes there is of course fishing in the Severn. There is also the historic Ironbridge Gorge museum, filled with industrial artefacts and reminders of the Darbys.

The Corporation has also taken a lead in encouraging budding golfers by constructing an 18-hole course to which has been added a clubhouse and country club with sporting amenities built by the JT Group of Bristol. Although not long opened, the Telford country club has got off to a good start and will hopefully be attracting conferences and kindred activities. It has a commanding position overlooking the gorge.

PROFILE: PELLOBY

Crane maker lifts the gloom

WHEN IT came to finding a name for the company it was easier said than done. The problem was solved by Mr Ron Kettle spotting a "companies for sale" advertisement in the FT. "We wrote off and 18 names came back" the sales director recalls. "Pelloby was the only one we could pronounce."

That was in 1968. To-day Pelloby is well enough known in the crane field, especially for jibs, that the latter are occasionally referred to as "Pellobies."

Pelloby Engineering was one of the first companies—if not the first—to sign up for a factory with Telford Development Corporation, a 2,000 square feet premises it soon outgrew. All the same it was a bold step by the three men who had pooled their resources to take over from a failed crane maker in nearby Shifnal. The auguries were not at all propitious.

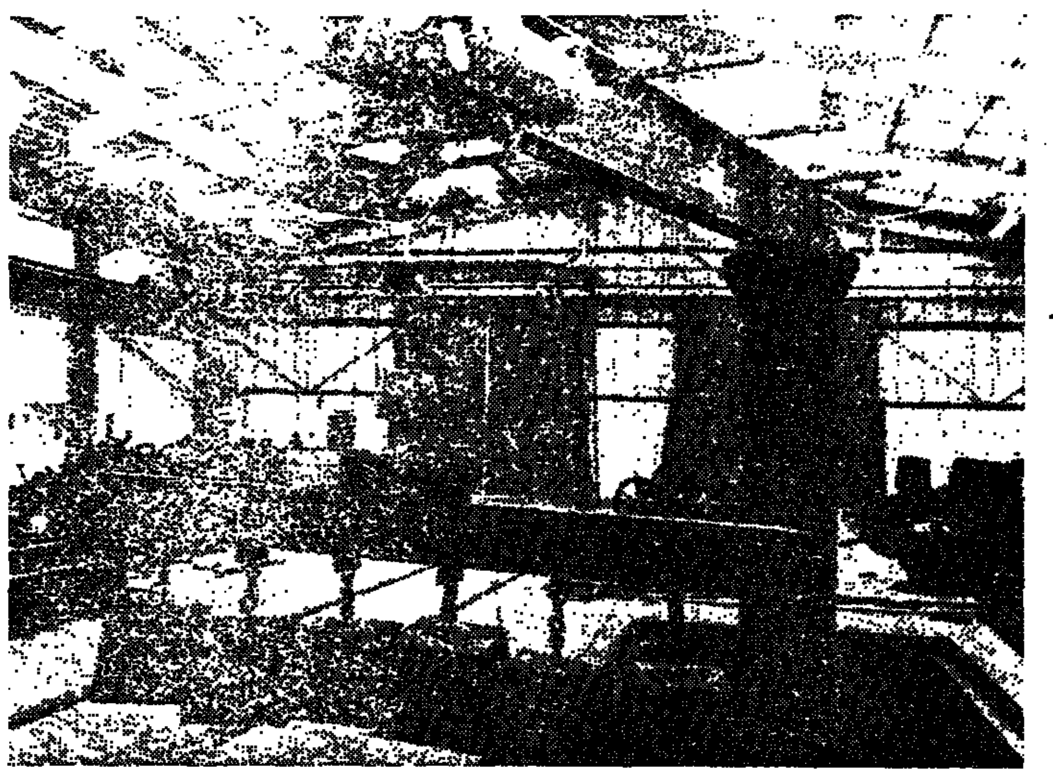
Ron Kettle had been a technical salesman of capital plant, and together with two others who also wanted to do their own thing, began by fulfilling spares orders of the failed Shifnal concern making jib and other cranes.

"We saw a chance to develop jib cranes and we did not bother about the heavier end, concentrating on the £100-£150 market," Mr Kettle says. The three set about redesigning a 3m x 3m (height and radius) jib crane, and by developing a jib post precisely to working requirements, the key to successful design, also produced a competitively priced models.

Within two months of starting Pelloby was employing half a dozen workers and at the end of the first year wanted new and bigger premises. In moving the company was helped by the flexibility in the leases the Development Corporation provides. The conditions include the facility to expand operations when the need arises; and conversely to shrink into smaller premises if need be.

So the company moved into a factory of 6,000 sq ft, and only two years later, such was the rate of expansion, found this was, to use the old phrase, "bursting at the seams." Pelloby moved into a second factory three times the size and heaved a sigh of relief in the thought that it would satisfy its needs for the next few years. It didn't.

The fact that the second factory was some four miles from the existing premises created problems of supervision and administration. Meanwhile the company extended its design flair to other products like light portal cranes and other lifting equipment to supplement the range of jib cranes, hoists and other gear round which the company had been built.



Pelloby crane under test load

Pelloby had carved out a sufficient niche for itself in the crane market to justify another collaborative effort with the Development Corporation into its current site at Halesfield industrial estate, where a 56,000-sq-ft factory is working flat out, with overtime most evenings and Saturday mornings.

The wall-to-wall carpeting in the offices and the big bright manufacturing facilities behind them are a long way from that first order from Birds Eye at Grimsby typed on an old typewriter by Mrs Kettle. Since then hundreds of jib cranes have been made for supermarkets, hospitals, for lifting people in and out of baths, and for all kinds of industries.

The number of "specials" the company has been asked to design has also been growing, like that for the Tacan aerial that controls the stacking of aircraft at Heathrow. If the gyroscopic heart of the machine becomes unserviceable, or needs maintenance, it obviously has to be replaced in the shortest posible time. Pelloby designed a knuckle-jointed jib that folded down on to the floor and slewed itself under the parabolic roof in such a way that none of the metallic parts could influence the gyro. That success led to one or two similar models.

Pelloby was also solving problems with portal and other types of cranes. A special portal crane was designed, for instance, to pull protective sheeting over delicate lorry loads of eggs or of tissue paper, where it was not possible to stand on the load itself to pull the sheeting over manually.

While the company has not unnaturally concentrated on making a name for itself in the home market, it was fairly quickly into the export market too. Ten years ago it started piggy-back fashion as a sub-contractor to a major contractor or consortium, like Davy International. Last year Pelloby supplied nine installations on the Russo-Polish petro-chemical line with various portal and overhead cranes.

Because of the sub-zero temperatures these had to be shatter proof, and because of the risk of sparks causing a catastrophe, the electrically operated hoists also had to be flame-proof. This involved making key components in different metals, such as phosphur bronze for the sprockets.

Having savoured the export market the company decided it was strong and well known enough to sell abroad direct and five years ago began to do so. Pelloby currently is exporting to 20 different markets from the Far East to Brazil, from America to New Zealand.

Six years ago the company's turnover was £1m. For 1981-82 a turnover of £3m is projected "and," Mr Kettle adds, "we are working well above budget." Last October, he remembers, the company started to see a dip in demand and countered by concentrating more effort in selling. This helped to keep the 70 employees busy, and three months ago an upturn in orders was noticed. This is being taken as a hopeful sign, at least for Pelloby, that the worst of the recession is over.

"Industrial buyers have realised that while demand is so weak they have the whip hand and can command extremely competitive prices. Fortunately our designs and expertise enable us to meet and often beat the competition." By way of confirmation Mr Kettle Pelloby had been successful in winning a contract for 49 jib cranes for which there were nine competitors.

No one can achieve expansion at the rate Pelloby has without a tight and energetic management. Nor could it have been achieved without the backing of a productive workforce. One of the secrets of the success is that demarcation is non-existent, and that everyone is prepared, in the time-honoured phrase, "to take his coat off."

Pelloby is not the biggest of its kind—yet. Three years ago, Mr Kettle estimates, the company was sixth. Now it is third, possibly one of four fairly equal-sized companies with two others bigger than them.

It is unusual these days when people are peddling gloom to come across a company so unreservedly — and, it seems, deservedly — confident of the future. It is a success story in which the Development Corporation can also share.

Peter Cartwright

COMMODITIES AND AGRICULTURE

Rubber stock offers rejected

KUALA LUMPUR — The International Natural Rubber Organisation (Inro) solicited and received offers from U.S. and London rubber dealers for possible purchases for its buffer stock, but later rejected all U.S. offers.

The purchases would have been the first ever under the International Natural Rubber Agreement (Inra) following the fall in the Inro market indicator's moving average to under 178.5 Malaysian/Singapore cents per kilo, the level below which Inro may buy at its discretion.

The Inro spokesman also said that the organisation had suitable warehousing facilities for any rubber purchased.

Malaysia's Primary Industries Minister Paul Leong said contributions from member countries so far to the fund would be enough to purchase 50,000 tonnes from the market.

He told members of parliament that following the Inro call for contributions on October 1, Malaysia, Japan, the U.S., Indonesia and Australia had paid 74m ringgit to the buffer stock account.

The rejection left some dealers sceptical about the sincerity of Inro's request for offers. They saw the move as an attempt by the buffer stock manager to probe the U.S. market and expected more offers to be solicited if prices remain weak or fell further.
Reuter

Farmland value still falling

By Our Commodities Staff

LATEST OFFICIAL figures show a continuing decline in agricultural land prices in England.

In the three months ended September the average sale price of vacant possession land was £3,875 a hectare, down from £3,956 in the June/August quarter and £4,095 in May/July, according to figures collected by the Ministry of Agriculture's Agricultural Development Advisory Service, the Agricultural Mortgage Corporation and the Country Landowners' Association.

This trend is confirmed in the land price index which takes account of the area and size group composition of the sample. In September the index fell to 198 (1973=100) from 204 in August and 206 in July.

Big rise in world sugar production forecast

ROME—World sugar production is expected to rise substantially in the crop year 1981-82 with estimates ranging from 93m to 95m tonnes, raw value, compared with actual output of 87m in 1980-81, the Food and Agriculture Organisation (FAO) said.

"Very good weather has prevailed in most European countries up to now and significant crop increases are anticipated in both western and eastern Europe," it said in its latest monthly food outlook report.

FAO said EEC output was estimated at slightly over 15m tonnes, 2m tonnes more than last year, and the USSR and Eastern Europe were also expected to produce an additional 2m tonnes.

While it was too early to make exact estimates of most 1981-82 sugar cane crops, substantial increases were forecast in Cuba, Mexico, India, Thailand, Australia and South Africa, among the main producers, it said.

Some reduction was anticipated in Brazil, Argentina, Pakistan and China.

World sugar consumption was expected to increase substantially next year after three years of stagnation at around 89m tonnes, raw value, FAO added.

In Washington meanwhile the U.S. Department of Agriculture assessed the sugar situation in the following countries:

Indonesia — production in tries: Indonesia—production in 1982 forecast at 1.52m tonnes, up from 1.37m estimated for this year and 1,313,000 tonnes produced in 1980. Imports in 1982 forecast to decline to 300,000 tonnes, from 720,000 tonnes this year and 445,000 tonnes in 1980.

India—production in 1981-82 (October-September) forecast at 8,194,100 tonnes, up from revised 6,553,800 tonnes estimated for previous season.

India's exports are projected at 320,000 tonnes compared with only 64,000 tonnes in 1980-81 season, while no imports are expected compared with 228,500 tonnes imported in 1980-81 year.

Pakistan — Production in 1981-82 (October - September) forecast at 880,000 tonnes, up from 853,617 tonnes estimated for 1980-81 and 574,000 tonnes in 1979-80. Pakistan is not expected to export nor import any sugar in the 1981-82 year.

Mexico—Production in 1981-1982 (November-October) crop year forecast at 2,935,400 tonnes compared with 2,517,500 tonnes in previous season. Imports projected to decline to 535,000 tonnes from 607,150 tonnes in 1980-81 year.

Peru — Production forecast to recover to 700,000 tonnes in 1982 from 500,000 tonnes estimated for this year while imports are forecast to decline to 21,400 tonnes from 160,262 tonnes estimated for 1981.

West Germany — Production in 1981-82 (September-August) crop year forecast at 3.35m tonnes, up from 2,982,275 tonnes estimated for previous season. Exports projected at 900,000 tonnes, down from just over 1.13m tonnes in 1980-81 year, while imports forecast at 145,000 tonnes compared to 144,917 tonnes in previous year.

Belgium-Luxembourg — Production in 1981-82 (October-September) crop year forecast at 1.1m tonnes, up from 870,000 tonnes in the previous year. Exports (including sugar containing products) are forecast at 795,000 tonnes compared to 668,721 tonnes in 1980-81 while imports projected at 102,000 tonnes compared to 142,000 tonnes last season.

Finland — Production in 1981-82 (September-August) crop year forecast at 750,000 tonnes, down from 900,248 tonnes produced in previous season, but above 696,614 tonnes in 1979-80. Imports forecast at 143,056 tonnes compared to 142,476 in 1980-81 while exports forecast at 35,000 tonnes against 89,524 in the previous year.
Reuter

World record rice output predicted

ROME — The United Nation's Food and Agriculture Organisation (FAO) expects world rice production in 1981 to reach 407m tonnes, 7m higher than last year's record level.

The rise was due to increased plantings in response to upward price trends early this year and to generally favourable growing conditions, the latest FAO food outlook report said.

Indonesian production was estimated to have risen by 1m tonnes while in South Korea, the world's largest importer this year, output had recovered strongly.

Paddy production in Bangladesh was expected to top 21m tonnes for the first time and FAO predicted a bumper crop for Burma.

The U.S. crop was forecast at a record 8.1m tonnes, 23 per cent up on 1980. Australian production also reached a record high while output in Africa was expected to decline slightly.

The report said paddy output in traditional rice-exporting countries should rise considerably in 1981 to 215m tonnes, compared with 210m last year.

Global rice stocks at the end of the 1981-82 season were forecast to rise by about 2m tonnes as a result of large carry-overs in both importing and exporting countries.

The report lowered its forecast of world trade in rice in 1981 to 12.2m tonnes because of a substantial downward revision of estimated Indonesian imports this year.

However, this would still be the largest volume of world rice trade ever, with near record shipments by both Thailand and the U.S. and with larger sales by Burma and Pakistan, it said.
Reuter

Scottish milk to cost more

By a Correspondent

SCOTTISH MILK prices are to be increased by 1½p a pint from Sunday, November 15, raising the price of the doorstep pint to 20p.

The increase, which will not apply in England and Wales, was announced yesterday by the Scottish Dairy Trade Federation under new powers introduced by the Government on October 1, when control over retail milk prices in Scotland passed from the Government to the dairy trade.

In announcing the arrival of the 20p pint, Mr Hal McGhie, president of the SDTF, said that his colleagues needed the extra revenue to cover continuing rises in processing, packaging and distribution costs.

MARKET PROFILE: COPPER

Preparing for recovery

BY ROY HODSON

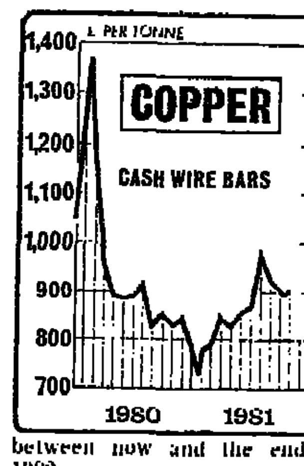
COPPER has become more attractively priced as an industrial raw material for users paying in dollars with every passing month of recession.

The most popular international yardstick of copper prices is the price of cash copper wirebars traded on the London Metal Exchange. That price has shown a remorseless decline throughout the past 21 months. In February 1980 it stood at 131 cents a pound when expressed in dollar terms. It has now fallen to between 77c and 78c a lb.

As quoted in the usual LME format of pounds sterling a tonne, cash copper prices have ranged between £800 and £900 a tonne for most of this year, although they did touch £1,000 a tonne briefly in the late summer. Currently the price hovers slightly above £900 a tonne.

An illusion of price stability in copper has been created by the comparatively narrow range of movements in the sterling price during the year. The true cause of that apparent stability in pricing has been changing currency relationships. It has not been reflecting any basic market forces underpinning the value of the metal.

In real terms, which means dollar terms to the majority of copper producers and consumers, the metal is now so cheap that, while producers are suffering and are having to cut back still further their higher-cost production, there is a growing feeling that copper prices are unlikely to fall much lower. Looking ahead they are expected by many to rise strongly during the period between now and the end of 1982.



Rudolf Wolff, the leading broker, forecasts in a new investment survey of copper to be published shortly that the copper price will stage a substantial recovery in coming months "possibly amounting to several hundred pounds a tonne" . . . "and that this could be the beginning of a major one to two year copper price boom."

The Commodities Research Unit of London and New York takes a more cautious view. It would not be surprised to see copper demand exceeding output during the second half of next year with a consequent strengthening in copper prices into the £1,000 a tonne to £1,500 a tonne range on the LME.

The CRU's reading finds rather less favour than the bullish Rudolph Wolff interpretation among a number of traders. Basically they are arguing that copper prices have fallen about as far as they can go if there is to be any incentive left to companies to dig the stuff out of the ground. At the same time copper is now so cheap that it has little to fear from alternative materials such as aluminium for such applications as the construction industry and certain uses in automobile production. Those are the two areas of the market for copper which are absolutely crucial to any future upturn in demand in the U.S., which is still, by far, the world's largest consumer of copper.

Although interpretations of the views from various crystal balls indicating the future for copper vary, a consensus can be detected. The metal is likely to become more expensive during the next two years and that process is likely to be accelerated after price rises get under way. The reason for the acceleration will be the reaching of the point at which copper demand overtakes copper production. It is expected to occur sometime during 1982.

Copper production peaked at more than 7.5m tonnes of refined metal during 1979. Since then demand has been falling at rates of 3.2 per cent last year and an estimated figure of between 2 per cent and 3 per cent this year.

A revival of demand during next year is expected by many market observers to raise copper sales by some 5 per cent taking them up again to just under 7.5m tonnes demand in a full year. Copper production next year is expected to be at approximately that same level. So the industry would be quickly brought back into balance between supply and demand by a relatively modest increase in demand. Such a balance should be the signal for higher prices.

Copper stocks in the western world stand at 1.3m tonnes of refined metal which is not so large an amount as to throw the industry out of balance and delay a revival in prices.

When copper prices do start to rise that looks like being the signal for the first of the new copper mining developments on the drawing board to get under way. It is likely to be the British Columbia scheme by Cominco to mine 100,000 tonnes a year or more of metal from an open pit. The Valley Copper Project is expected to be the first of a series of developments of large unexploited copper deposits round the world. But far fewer of them may be developed during the 1980s than the industry was expecting before the recession hit copper. A sizeable amount of the extra copper production that will be needed can — and probably will — be obtained from upgrading and expanding existing ventures at relatively low capital cost.

Mr J. R. Hampton, a senior executive of the U.S. copper producer Noranda, forecast recently that western world copper production will rise to 8.4m tonnes by 1985 including metal recovered from scrap. Noranda is also forecasting that consumption will be around 8.4m tonnes in 1985 following strong recovery during 1983 and 1984. If supply and demand is to rise and maintain the fine balance that the Noranda figures suggest there seems to be plenty of room for upward movement in the copper price from now on.

Stronger salmon-poaching curbs urged

BY SARA EVANS

STRONGER measures to curb the sale of illegally caught salmon in England and Wales are urged today by Mr Gerry Hadoke, director of the Atlantic Salmon Trust.

A salmon tagging scheme, similar to one operated in the Canadian province of New Brunswick, could be used to curb the entry of poached salmon into the legitimate commercial trade, Mr Hadoke suggests in an article published in The Field magazine today. The tagging arrangement involves the issuing of plastic tags to those purchasing salmon licences, which would be attached by the angler to the upper part of the fish above the tail. Fish caught by net would be required to be tagged at both head and tail.

By issuing only a certain number of tags each season, it would be possible to set a catch limit per season in the interests of conservation.

The drawback to this scheme, says Mr Hadoke, is that it could only be operated in an area where a licence system was in force. In Scotland, for instance where no such licence law applies, it might not be successful, he admits.

An alternative scheme, as operates in both Northern Ireland and the Irish Republic, involves control at the point of sale. Under the Irish Salmon Acts no one may possess a salmon of unlawful capture, and the onus of proving lawful capture rests with the defendant in any action. In addition, anyone, other than fisherman selling his legally caught fish or fish farmer, must hold a dealers licence to possess or sell salmon. eDalers must pay a licence fee and ergsister each fish purchase and sale.

Lupins sold to European buyers

PERTH — The Western Australian Grain Pool (WAGP) has sold a total 40,000 tonnes lupins to west European buyers for December/January shipment, WAGP general manager John O'Neill said here.

The West Australian lupins are a local strain of white sweet lupin used in the manufacture of stock feed products.

The total comprises two separate sales of 25,000 tonnes and 15,000 tonnes and are the first to the European market for some five years, he added.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange, with the notable exception of TIN which moved up to close at £8,405, after £8,410, as initial buying from an influential source encouraged stop-loss buying. COPPER fell from £930 to £921 in the morning with the overnight fall on Comex being followed by chartist selling at the £928 and £925 levels, a minor recovery in the afternoon prompted a close at £925.5. LEAD was finally £385, and ZINC £515.5. ALUMINIUM closed at £620 and NICKEL £2,870.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	894.5-5	-12.7	896-7	-7.25
3 mths	922-.5	-14.5	924.5-5	-8.5
Settlem't	895	-13	—	......
Cathodes				
Cash	887-8	-18	889-90	-10.5
3 months	915-6	-16.7	919-20	-9
Settlem't	888	-16	—	......
U.S. Prod.	—	......	*80.7-88	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £895.00, three months higher grade £927.00, 26.00, 25.00, 25.50, 25.00, 24.00, 23.00, 22.50, 22.00. Cathodes, three months £916.00. Kerbs: Wirebars, three months £922.00, 21.00, 21.50, 22.00, 22.50. Afternoon: Wirebars, late December £914.00, three months £921.50, 22.00, 22.50, 23.00, 23.50, 24.00, 25.00, 24.50. Cathodes, three months £919.00. Kerbs: Wirebars, three months £926.00, 25.50, 25.00, 24.50, 25.00. Turnover 18,575 tonnes.

Tin—Morning: Standard, cash £8,100, 20, 30, three months £8,351, 50, 60, 65, 70, 75, 80. Kerb: Standard, three months £8,380. Afternoon: Standard, three months £8,380, 85, 90, 95, 8400, 10, 05, 8400, 8395, 90, 95, 8400, 05, 8400, 02. Kerb: Standard, three months £8410, 05, 8400, 05, 08, 05, 01, 02. Turnover 3815 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8135-40	+22.5	8150-5	+40
3 months	8380-90	+34.5	8400-2	+50.5
Settlem't	8140	+20	—	......
Standard				
Cash	8135-40	+22.5	8150-5	+40
3 months	8380-90	+34.5	8400-2	+50.5
Settlem't	8140	+20	—	......
Straits E.	‡$35.54	+0.08		......
New York	—			

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	370-.5	-6.5	369-70	-5
3 months	383-.5	-7.25	382-.5	-4.25
Settlem't	373.5	-6.5	......	......
U.S. Spot	—	......	*36-40	......

Lead—Morning: Cash £371.00, 70.50, 70.00, three months £378.00, 79.00, 80.00, 79.00, 79.50, 80.00, 81.00, 82.00, 82.50, 83.00. Kerb: three months £383.00, 82.50. Afternoon: Three months £383.00, 82.00, 81.50, 82.00, 82.50. Kerb: Three months £386.00, 87.00, 86.00, 85.00, 86.00. Turnover 15,350 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	491.5-2	-12	499-500	-1.5
3 months	506-7	-12.2	513.5-4	-1.75
S'ment	492	-12	—	......
Primw'ts	—	—	*45.5-50	......

Zinc—Morning: Cash £491.00, three months £507.00, 06.50. Kerb: Three months £506.00, 07.00. Afternoon: Three months £509.00, 11.00, 12.00, 13.00, 14.00, 13.50. Kerb: Three months £514.00, 15.00. Turnover 8,200 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	596-7	-4	595-600	-.5
3 months	621.5-2	-4.75	623.5-4	-2

Aluminium—Morning: Three months £621.00, 22.00, 21.50, 22.00. Kerb: Three months £622.00, 22.50. Afternoon: Three months £623.00, 22.50, 23.00, 24.00, 25.00, 24.00, 24.50, 24.00. Kerb: Three months £624.50, 24.00. Turnover 11,150 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2675-85	-90	2700-10	-32.5
3 months	2742-5	-74	2755-60	-35

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: Three months £2750, 45. Kerb: Three months £2745, 40. Afternoon: Cash £2680, three months £2745, 40, 35, 36, 35, 40, 45, 48, 49, 50, 60. Kerb: Three months £2765, 60, 80, 90, 80, 90, 70. Turnover 942 tonnes.

SILVER

Silver was fixed 7.2p an ounce lower for spot delivery in the London bullion market yesterday at 482.15p. U.S. equivalents of the fixing levels were: spot $9.009, down 15.9c; three-month $9.352, down 15.6c; six-month $9.67, down 19.7c; and 12-month $10.42, down 24.7c. The metal opened at 484¼-486¾p ($9.03-9.08) and closed at 481¾-484½ ($9.01-9.06).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	482.15p	-7.20	485.5p	-6.0
3 months	501.10p	-7.00	504.1p	-7.9
6 months	518.00p	-9.10	—	.....
12months	557.00p	-10.8	—	.....

LME—Turnover 150 (85) lots of 10,000 ozs. Morning: Three months 502, 1, 500, 500.5, 1, 500, 1, 500.5, 500. Kerb: Three months 500.5, 1, 1.5. Afternoon: Three months 505, 4, 4.5. Kerb: Three months 505, 4, 4.50.

COCOA

Futures initially remained steady on further commission house and jobber support but prices later eased on profit taking. Actuals business was scarce while the buffer stock manager did not bid, reports Gill and Duffus.

Sales, 2,752 (3,243) lots of 10 tonnes.

COCOA	Yes'rday's Close	+ —	Business Done
Dec	1185	-5.0	1203-81
March	1181-82	-5.0	1199-77
May	1181-82	-3.5	1198-77
July	1181-82	-6.0	1193-81
Sept	1186-87	-3.0	1196-82
Dec	1193-200	-2.5	1205
March	1211-19	+2.5	—

ICCO—Daily price for November 3: 95.88 (96.60); indicator price for November 4: 94.38 (93.54).

COFFEE

Futures experienced a quiet day, until just before the close when a bomb scare caused an evacuation of the market premises, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov	—	......	1136-30
Jan	—	......	1155-43
March	—	......	1156-43
May	—	......	1154-48
July	—	......	1150-50
Sept	—	......	—
Nov	—	......	—

Sales: 3,371 (2,067) lots of 5 tonnes. ICO 1979 indicator prices for Nov 2 (U.S. cents per pound). Comp daily 123.13 (121.38); 15-day average 118.72 (118.26).

GAS OIL FUTURES

Prices barley moved in very quiet trading in a featureless market, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
November	326.00	+0.50	326.00-25.50
December	326.00	-0.50	326.00-25.25
January	326.25	-0.25	326.25-25.75
February	326.75	-0.50	326.75-25.25
March	326.00	......	326.00-25.50
April	324.50	-0.25	324.50
May	325.25	-0.25	325.50-25.00
June	325.75	-0.25	325.75-25.50
July	323.00	-2.25	—

Turnover: 368 (837) lots of 100 tonnes.

GRAINS

Aggressive shortcovering of November wheat produced gains before country selling and shipper liquidations halted the advance. Further forward wheats tried to rally but were sold off. Barley traded in a similar manner, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Nov	107.00	+0.75	100.65	-0.50
Jan	108.95	+0.20	105.80	-
Mar	112.45	+0.15	107.40	+0.10
May	116.10	+0.10	110.85	-0.25
July	119.50	-0.10	—	
Sep	106.55	—	100.70	—

Business done—Wheat: Nov 107.50-106.50, Jan 109.00 only, March 112.70-112.55, May 116.40-116.10, July no trades, Sept no trades. Sales 137 lots of 100 tonnes. Barley: Nov 100.75-100.40, Jan 103.95-103.70, March 107.50 only, May 110.80-110.65, Sept no trades. Sales 212 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent afloat 114.50, Nov 115.50, Dec 117.00 transhipment East Coast sellers. English Feed fob Nov 111.00 East Coast seller. Maize: French early Nov 127.25 quoted transhipment East Coast. S African White/Yellow Nov 86.25. Barley: English Feed fob Nov 105.25 East Coast, Dec 106.25 East Coast sellers. Rest unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat: W. Mids 106.00. Feed barley: S. East 100.70, S. West 100.20, W. Mids 100.50, N. West 100.00. The UK Monetary Coefficient for the week beginning Monday November 9 (based on HGCA calculations using five days' exchange rates) is expected to change to 0.953.

RUBBER

The London physical market opened slightly steadier, attracted fair interest throughout the day and closed quiet. Lewis and Peat reported a fob price for No. 1 RSS in Kuala Lumpur of 231.5 cents a kg and SMR 20 181.0.

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Dec	57.50-58.50	56.80-58.00	—
Jan	58.10-58.80	57.50-59.50	—
Jan-Mar	59.50-59.60	58.80-58.90	59.80-59.10
Apl-Jne	63.20-63.30	63.10-63.20	63.80-63.00
Jly-Sept	66.40-66.60	66.30-66.60	67.10-66.60
Oct-Dec	69.90-70.00	69.80-70.50	—
Jan-Mar	73.50-73.50	73.20-73.50	74.10-73.50
Apl-Jne	76.60-76.80	76.60-76.60	77.40-76.70
Jly-Sept	79.70-80.00	79.90-80.00	80.10

Sales: 277 (257) lots of 15 tonnes.

Physical closing prices (buyer) were: Spot 56.00p (55.50p); Dec 53.50p (53.25p); Jan 54.50p (54.25p).

SUGAR

LONDON DAILY PRICE—Raw sugar £155.00 (£153.00) a tonne cif Nov-Dec shipments. White sugar daily price £177.00 (£178.50).

After opening about unchanged prices gained ground. The highs were touched during the final call before it was abruptly curtailed by a bomb warning, reports C. Czarnikow.

Bomb scare halts trading

TRADING on London's soft commodities markets was halted early yesterday following a telephone warning that a bomb had been planted at the London Commodity Exchange.

As a result some closing prices were not available for inclusion in today's paper and others are subject to confirmation today.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	164.00-64.95	162.25-63.00	165.00-63.50
March	170.10-70.25	168.00-68.05	170.50-67.00
May	175.05-73.25	171.70-71.90	175.75-71.00
Aug	176.85-77.00	175.55-75.65	176.50-75.75
Oct	181.50-81.75	180.15-80.25	181.75-81.00
Jan	183.00-85.75	181.50-82.25	—
March	187.50-87.75	185.25-86.40	187.50-87.00

Sales: 2,481 (3,288) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £275.00 (same) a tonne fob for home trade and £264.00 (£262.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Nov 2: Daily price 11.77 (11.69); 15-day average 11.70 (11.79).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order, buyer, seller, business). New Zealand cents per kg: Dec 376, 382, nil; Jan 382, 384, 381; March 392, 394, 394-391; May 399, 400, 400-399; Aug 413, 414, 415-414; Oct 418, 420, nil; Dec 422, 423, 422; Jan 424, 426, 425; March 431, 434, 433-432; May 436, 440, 438. Sales 33.

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kg. Dec 486.0, 486.5, 486.0-485.0; March 499.0, 500.0, 499.5-498.5; May 513.0, 514.0, 513.5-512.0; July 522.5, 524.0, 523.0-522.0; Oct 519.5, 520.5, 519.5-519.5; Dec 523.0, 524.0, 523.0; March 529.0, 532.0, untraded; May 530.0, 538.0, untraded. Sales, 71.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 642 tonnes. In spite of the extremely doubtful economic climate, buyers showed increasing interest in securing supplies, and activity was sustained. Both African and South American growths were in constant request.

POTATOES

LONDON POTATO FUTURES—Chartist selling lowered the market but renewed buying interest saw prices recover, reports Coley and Harper. Closing prices: Nov 78.00, +0.80 (high 78.00, low 76.50); Feb 90.60, +0.50 (high 90.60, low 89.50); April 103.00, +0.50 (high 103.90, low 102.50). Turnover: 327 (128) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 75.0 to 80.0; Ulster hindquarters 85.0 to 88.2, forequarters 60.2 to 62.0. Veal: Dutch hinds and ends 122.0 to 125.0. Lamb: English small 64.0 to 73.0, medium 67.0 to 71.0; Imported frozen: New Zealand PL 64.2 to 65.2. Pork: English, under 100 lb 46.0 to 56.0, 100-120 lb 45.0 to 55.0, 120-160 42.5 to 53.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 90.75p per kg lw (+0.77). UK—Sheep 162.35p per kg est dcw (+13.61). GB—Pigs 78.29p per kg lw (-0.61).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce. Oranges—Outspan: Valencia Lates 48 5.70, 56 6.50, 72 6.45, 88 5.60, 113 5.30, 138 5.30, 150 4.95. Spania: Navelinas 42/150 5.00-6.00. Satsumas—Spania: 2.80-3.40. Lemons—Outspan: 50-68 4.00-4.50; Cyprus: 5.50-6.50; Turkish: 4.50-5.00; Italian: 00/150 7.00-7.50. Grapefruit—U.S.: Pink 48 8.00; Cuban: 30-40-48 4.10-4.40, pink 32/48 4.20-4.50; Jaffa: 42/60 5.40-6.00; Cyprus: 5.00-5.40; Honduras: 5.50-6.00. Apples—French: New crop, Golden Delicious 20 lb 3.20-3.70, 40 lb 6.00-7.50; Stark Crimson 40 lb 7.00-8.50, 20 lb 3.50-3.60; Granny Smith 7.50-8.00. Spanish: Golden Delicious 40 lb 5.40-6.00. U.S.: Red Delicious 8.00-13.50. Dutch: Golden Delicious 26 lb 4.00; Cox's 26 lb 4.00-4.80. Pears—Dutch: Comice, 14 lb 3.50-3.60; Italian: Per pound,

English Produce. Potatoes—Per 55 lb white 2.20-2.50, red 2.40-2.80, King Edwards 2.70-3.20, jacket 2.50-3.00. Mushrooms—Per pound, open 0.40-0.60, closed 0.60-0.80. Apples—Per pound, Bramley 0.12-0.20, Cox's 0.20-0.30, Laxton's 0.14-0.20, Worcester Pearmain 0.12-0.20, Russets 0.15-0.20. Pears—Per pound, Conference 0.12-0.18, Comice 0.15-0.22. Tomatoes—Per 12 lb, Dutch 1.00-1.00. Cauliflowers—Per 12 2.00-3.00. Cabbages—Per bag, Primo 30 lb 1.00-1.40. Lettuce—Per 12, round 1.40-2.00, Webb's 1.60-2.00. Webb's 1.60-2.00. Radishes—Per pack 12 x 8 oz 1.40, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.00, 55 lb 40/60 mm 2.40-2.80. Carrots—Per 26/28 lb 0.70-1.00. Beetroots—Per 28 lb round 1.00-1.20, long 1.20-1.40. Fennel—Per 10 lb 1.50. Parsnips—Per 28 lb 1.40-1.80. Swedes—Per net 0.80-1.00. Leeks—Per 10 lb 1.40-1.60. Sprouts—Per 20 lb 1.60-2.80. Pumpkins Per pound 0.08-0.10. Turnips—Per 28 lb 1.20-1.60. Celery—Per 16/36 Hassey 2.50-3.00. Brussel Tops—Per 25 lb 1.00-1.40. Spring Greens—Per 25 lb 1.30-1.50.

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£7.00, codlings £2.20-£4.50; large haddock £2.40-£4.80, medium £2.50-£4.00, small £1.20-£2.00; medium plaice £6.40-£6.90, best small £4.00-£5.30; large skinned dogfish £10.00-£11.50, medium £4.50-£5.80; large lemon soles £13.50, medium £11.50; rockfish £2.00-£2.70; reds £2.80; saithe £2.00-£2.80.

PRICE INDICES

In tonnes unless otherwise stated.

	Nov. 3 1981	+ or —	Month ago
Metals			
Aluminium	£810-815	......	£810-815
Free Mkt	$1100-1150	......	$1155/165
Copper			
Cash w'bar	£896.5	-7.25	£909.5
3 mths	£924.75	-8.50	£945.25
Cash Cathode	£889.5	-10.5	£905
3 mths	£919.50	-9.00	£941.5
Gold troy oz	$425	-4.00	$450
Lead Cash	£369.50	-5.00	£396.5
3 mths	£382.25	-4.25	£404.5
Nickel	£4169.50	......	£4,219.50
Free mkt	255/265c	......	225/275c
Platin'mtr'y oz	£260	......	£260
Freemkt	£221.40	-2.50	£229
Quicksilver†	$420-425	......	$425-430
Silver troy oz	482.15p	-7.2	487.55p
3 mths	501.10p	-7.00	527.60p
Tin Cash	£8,152.50	+40.00	£8195
3 mths	£8401.50	+50.5	£8342.5
Tungsten22.04lb	$142.61	......	$144.1
Wolfrm22.04lbs	$138/141	......	$140/144
Zinc Cash	£499.5	-1.5	£468
3 mths	£513.75	-1.75	£485.25
Producers	$1000	......	$1000
Oils			
Coconut (Phil)	$582.5y	-5	$565
Groundnut	......	......	......
Linseed Crude	£460x	......	£520
Palm Malayan	$512.5z	-2.5	$517.5
Seeds			
Copra Philip	......	......	......
SoyabeanU.S.	$265	+2	$269
Grains			
Barley Fut.Jan	£105.80	......	£104.55
Maize	£127.25	......	......
Wheat Fut.Jan	£108.95	+0.2	£110.50
No2 HardWint	......	......	......
Other commodities			
Cocoa ship't*	£1,260	-1	£1,370.5
Future Mar.	£1181.5	-5	£1,278.5
Coffee Ft' Jan.	£1151	......	£1,092.5
Cotton A.Index	74.90c	-0.15	75.10c
Gas Oil Nov.	$326	0.5	$310.25
Rubber (kilo)	56p	0.5	55p
Sugar (Raw)	£155	+2	£167
Wooltops 64s kl.	382p	......	390pkilo

† Unquoted. z Dec. v Nov-Dec. † Per 76-lb flask. * Ghana cocoa. n Nominal. s Seller.

AMERICAN MARKETS

NEW YORK, November 3.

Copper was under light pressure most of the day due to arbitrage selling. Cotton sold off moderately under pressure of technical selling. Sugar was supported by recent physical buying and traded slightly higher. Coffee reflected again a concern by the shorts [illegible]

Sugar—No. 11: Jan 12.30 (12.01), March 12.50-12.55 (12.47), May 12.74-12.77, July 13.00-13.05, Sept 13.26-13.27, Oct 13.45-13.46, Jan 13.71, March 14.15-14.20. Sales, 6,175.

Tin—690.00-710.00 (692.00-705.00).

CHICAGO, November 3

Lard—Chicago loose 20.25 (same). [illegible]

Monday's closing prices

[illegible]

Coffee—"C" Contract: Dec 144.38 (141.12), Mar 136.25 (133.26), May 131.25, July 128.70, Sept 127.50, Dec 122.80, Mar 122.50. Sales: 1,700.

Cotton—No. 2: Dec 65.70 (65.99), Mar 67.75 (67.94), May 69.20, July 71.05, Oct 72.50, Dec 72.95, Mar 74.90.

Heating oil (dollars per U.S. gallon)—Dec. 1.0104, Jan. 1.0208, Feb. 1.0289, March 1.0250, April 1.0165, May 1.0140, June 1.0200, July 1.0200, Aug. 1.0375, Sept 1.0460, Oct 1.0670. Sales: 4,770.

Orange Juice—Nov. 116.10 (117.60), Jan. 118.75 (120.80), March 121.40, May 124.10, July 126.85, Sept. 129.25, Nov. 129.25.

CHICAGO, Nov 2 [illegible] (426.50), Dec. 433.00 (431.80), March 448.30, June 464.30, Sept 480.50, Dec 496.90, March 513.50, June 530.30, Sept 547.3, Dec. nm. Sales: 7,200.

WINNIPEG, Nov 2

§Barley—Dec 122.20 (123.20), Mar 129.80 (129.70), May 132.90, July 134.10.

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 247.14 (250.25).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. * Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, November 3

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Nov 20-Jan 10 214.50, Jan 20-Feb 10 217, Feb 20-March 10 219.50. U.S. No. Two Red Winter Nov 185, Dec 192, Jan 195. U.S. No. Three Amber Durum Nov 195, Dec 201, April-May 207. U.S. No. Two Northern Spring 14 per cent Nov 194.50, Dec 197.50, Jan 209, Feb 212.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow afloat 126.50, Nov 126, Dec 129, Jan-March 139, April-June 144 sellers.

PARIS, November 3

Cocoa—(FFr per 100 kilos): Dec 1230-1240, March 1230-1235, May 1235-1240, July 1240 bid, Sept 1245-1265, Dec 1255-1275, March 1265-1285. Sales at call: 1.

Sugar—(FFr per tonne): Dec 1815-1820, March 1855-1860, May 1895-1900, July 1900-1920, Aug 1960-1965, Oct 1990-2010, Nov 1990-2010, Dec 2000-2030. Sales at call: 12.

INDICES

FINANCIAL TIMES

Nov. 2	Oct. 29	Month ago	Year ago
259.61	258.94	260.26	275.98

(Base: July 1, 1952=100).

MOODY'S

Nov. 2	Oct. 29	Month ago	Year ago
1000.9	1001.4	1011.4	1510.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Nov. 2	Oct. 29	Month ago	Year ago
Spot	359.70	358.01	355.44	483.02
Fut'rs	377.67	374.42	375.12	501.13

(Average 1924-25-26=100)

REUTERS

Nov. 3	Nov. 2	M'nth ago	Year ago
1645.5	1646.9	1663.7	1756.2

(Base: September 18, 1931=100)

Equity leaders surge higher after BL vote and index closes 13.3 up at 492.2—Sixth successive rise in Gilts

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

* "New time" dealings may take place from 9 am two business days earlier.

Leading shares took off again yesterday in London stock markets, leaving Government securities and most secondary equities in their wake. Uncertainty about the intentions of BL workers initially masked a firm undertone resulting from Wall Street's renewed upsurge overnight on continuing optimism over lower interest rates.

Reports of the Longbridge vote in favour of accepting BL's improved wage offer dispersed indecision on this score soon after 10.00 am and set in motion a rapid advance; a rise of only 1.1 in the FT Industrial Ordinary share index was transformed into one of 10.5 at 11.00 am.

The move, described as yet another squeeze on short book positions, was followed by light investment buying and leading equities edged higher for the remainder of a generally quiet trading session. Foods were an exception in trading briskly with speculative appetites whetted by British Sugar's raid on RHM, which resulted in a stake of 14.7 per cent being acquired at 68½p.

Motor Components, of course, figured prominently as it became clear that the majority of BL employees were in favour of a return to work. Popular Electricals also scored good gains, but Oils settled below the best. After extending its early rise to 13.6, the FT 30-share index closed a net 13.3 up at 492.2.

Government securities made a less confident showing but improved following the committal of fresh investment funds to short and medium-dated stocks. The tone looked fairly strong until sellers became more forceful later in the day and quotations, particularly in the longs, began to retreat from the best. Isolated mediums finally displayed gains extending to ½, while the shorts and longs settled with maximum rises of ⅜. The FT Government Securities index rose for the sixth successive session to end 0.27 higher at 61.93, but the tone was softer after-hours.

Activity in Traded options improved sharply and 1,920 deals were arranged, comprising 1,457 calls and 463 puts. Once again, Oil issues were to the fore: BP attracted 422 calls and 194 puts, while Shell recorded 141 calls and 40 puts.

Insurances good

Insurances contributed to the firm market trend. Reflecting revived bid hopes, Sun Life rose 10 to 306p, after 308p. Prudential advanced 9 to 218p, and Hambro 11 to 324p. Composites made good progress with recent speculative favourite Sun Alliance closing 15 higher at 930p. General Accident put on 10 to 340p and GRE, 316p, and Royals, 375p, appreciated 8 apiece. An unsettled market of late following publicity given to a broker's adverse circular, Commercial Union rallied 3 to 132p; the group's third-quarter results are due next Tuesday. Among Lloyds Brokers, C. E. Heath gained 5 to 295p and Sedgwick 6 to 140p.

Barclays, 11 up at 416p, led the major clearing banks higher. NatWest put on 8 to 378p and Lloyds 5 to 390p. A retreating market of late on fading bid hopes, Grindlays rallied 4 to 192p.

Breweries attracted good institutional support on thoughts that dividends in the sector are relatively safe. Whitbread, which announces interim results next Tuesday, rose 9 more to 150p, while similar gains were recorded in Grand Metropolitan, 166p, and Bass, 197p. Allied-Lyons added 2 more to 68½p.

Buildings passed a relatively quiet session, but renewed selective support was reflected in occasional improvements. Blue Circle closed 10 dearer among the leaders, while BPB edged up 4 more to 247p and RMC put on 5 to 183p. Taylor Woodrow stood out among Contracting issues with a rise of 20 to 510p. Renewed demand lifted Barratt Developments 4 further to 217p and, reflecting satisfactory half-year results, Roberts Adlard firmed 3 to 86p. Further sporadic support left Ibstock Johnsen up 4 more at 69p.

ICI made fresh progress and touched 282p before settling at 280p, up 6 on balance.

Gussies firm afresh

Steady support left Stores leaders at the day's best. Gussies "A" remained buoyant in the wake of the annual report, rising 13 more to 413p. Marks and Spencer rose 4 to 117p, while W. H. Smith, interim results due November 18, added 5 at 160p. Polly Peck continued to respond to speculative interest and touched 380p before settling for a net gain of 20 at 375p. Mail-orders were featured by Freemans, 8 higher at 112p.

Monday's good gains were taken a useful stage further by the popular Electrical leaders. Once again, the improvement was induced by technical influences intermingled with sporadic investment support. GEC, 712p, and Thorn EMI, 430p, added 15 apiece, while BICC gained 8 to 250p as did Plessey, to 315p. Racal touched 400p before finishing a net 7 higher at 398p. Elsewhere, First Castle Securities put on 3 more to 57p and United Scientific jumped 17 to 467p.

The majority vote in favour of a return to work at BL gave fresh impetus to GKN which improved further to close around the day's best with a rise of 9 at 160p. Among the other Engineering leaders, Hawker were good again at 312p, up 10, while Tubes firmed 4 to 106p and John Brown 2 to 76p. Speculative interest lifted Anderson Strathclyde 6 to 81p, while satisfactory annual results left Martonair a similar amount higher at 221p. Simon Engineering improved another 8 to 373p and Mining Supplies 5 to 121p, while fresh demand lifted Glynwed 3 further to 90p.

Proceedings in Foods were dominated by Rowe and Pitman's dawn raid for Ranks Hovis McDougall on behalf of British Sugar; in a short burst of activity at the outset of trading, British Sugar acquired 14.7 per cent of RHM at 68½p per share. A firm market of late, RHM advanced to 71p before settling for a net gain of 10 at 70p on talk of a rival buyer on the market. British Sugar reacted to 318p before rallying to close 2 better on balance at 325p, while S. & W. Berisford, which holds a near-40 per cent stake in BS, firmed a penny to 110p. Associated British Foods firmed 8 to 140p, while renewed support was forthcoming for Avana, 10 dearer at 240p. Retailers were firm again; J. Sainsbury were again prominent ahead of today's half-timer with a rise of 10 to 470p. Kwik Save Discount continued to benefit from a Press mention and added 7 for a two-day gain of 15 at 225p.

Sketchley pleases

Miscellaneous Industrials displayed marked strength again as prices rose smartly following the BL vote. Glaxo added another 10 to 420p, while similar improvements were seen in Unilever, 605p, and Beecham, 210p. Bowater put on 9 to 200p and Boots 6 to 198p. Supported up to 244p in front of the interim figures, Reed International reacted on slight disappointment and closed 4 up on the day at 238p. Elsewhere, Sketchley were outstanding with a gain of 18 to 258p in response to the good interim results. Up 11 the previous day on dawn raid by Robert Holmes A'Court, Associated Communications A jumped 8 more to 61p on the announcement that Mr A'Court had lifted his buying price to 60p per share. Smiths Industries jumped 18 to 325p with sentiment buoyed by the BL workers' decision, while De La Rue rose 30 to 645p on buying ahead of next Tuesday's first-half results. Ropner rose 5 to 180p and the A 8 to 178p on the chairman's profits forecast which accompanied the satisfactory interim figures. Clement Clarke gained 7 to 123p, also after a half-yearly statement. Speculative buying fuelled by takeover suggestions lifted Inter-City Investments 4 more to 20p and renewed investment support left BTR up 12 at 340p and Aeronautical and General 15 better at 255p. Scotcros, however, fell 6 to 100p following disappointment with the interim profits.

Horizon Travel continued to make good progress, rising 13 for a two-day gain of 23 at 238p. Elsewhere in Leisures Trident TV added a penny to 52p: the company has agreed to purchase Playboy's gaming operations for £17m.

The majority vote of the BL workforce to accept the company's offer resulted in good gains among Motor sectors. In Components, Lucas, annual results due next Monday, closed 6 higher at 187p, while Automotive Products firmed 4 at 47p. Dowty, 148p, and Flight Refuelling, 300p, added 6 and 10 respectively. Distributors were featured by Hartwells which announced a 32 per cent increase in first-half earnings and advanced 7 to 71p. Adams and Gibbon drew strength from a Press recommendation and rose 10 to 86p, albeit in a narrow market. Among BL distributors, Lex Service picked up 3 at 92p, while Henlys added a couple of pence to 72p.

Clyde Pet. jump

Still reflecting optimism about lower interest rates, Properties continued firmly. Land Securities gained 7 afresh to 303p and Stock Conversion 5 more to 330p. United Real added 18 at 443p and North British 8 to 150p. City of Aberdeen Land advanced 30 for a two-day jump of 55 to 480p on further consideration of the proposed issue of 252,932 new ordinary shares to institutions at 450p per share.

Clyde Petroleum featured secondary Oils with a jump of 17 to 150p following the company's purchase of a major stake in the North Sea Buchan oil field. Strata firmed 6 to 65p on the Woodada 3 drilling report. Once again, leading issues failed to hold best levels. BP closing 4 better at 314p, after 318p, and Shell ending 2 firmer at 388p, after 392p. Awaiting today's third-quarter figures, Tricentrol touched 274p before settling 8 higher on balance at 270p; the company announced yesterday that it had been awarded two onshore licences for exploration in the central Lothian and Strathclyde region.

Interim profits from Tozer Kemsley and Millbourn came well below market estimates but the shares, which eased to 66p in immediate response to the announcement, rallied to close 2 better on balance at 70p on thoughts that the company may now present an easier target for potential predators.

Financials provided several bright spots, continued demand prompting a fresh gain of 10 to 425p in Mercantile House. London Merchant Securities were noteworthy for a gain of 5 to 57p along with Hambros Trust, 6 dearer at 123p.

Reflecting the company's stake in Exco International, British and Commonwealth were good again and put on 18 to 288p. Elsewhere in Shippings, Common Bros. firmed 5 to 260p and P. and O. Deferred 4 to 107p.

RTZ up again

Another strong performance by the UK equity market led to further gains in London-registered mining Financials. Rio Tinto-Zinc moved up 8 more to 475p, after 478p. Gold Fields closed a net 5 ahead at 500p, after 503p.

Australians continued to improve across a broad front, again buoyed by good gains in U.S. and London markets.

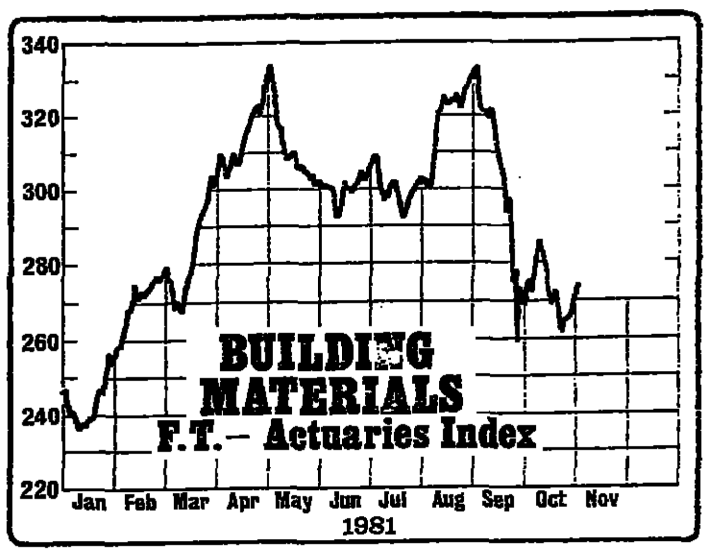
In the leaders, Peko-Wallsend added 10 for a two-day gain of 35 to 360p on consideration of the latest ore discoveries at the Parkes copper/gold prospect in New South Wales. CRA rose a like amount to 202p, while MIM Holdings put on 5 to 210p and Pancontinental 6 to 138p.

The speculative issues attracted good support. International Mining advanced 4 to 27p while similar gains were seen in Australian Consolidated Minerals, 25p, Jimberlana, 32p, and North West Mining, 24p.

South African issues showed little change on balance with interest subdued by the easier bullion price which dipped $4 to $428 an ounce. Golds lost ground in the morning but staged a marginal recovery in the after-hours' trading. However, share prices closed showing minor falls and the Gold Mines index gave up 1.5 to 351.0.

In the heavyweights, losses were usually restricted to around ½ while falls in medium and lower-priced issues rarely exceeded 15.

South African Financials were also quiet but the Bermuda-domiciled Minorco closed 30 higher at 450p as persistent London interest followed rumours that a broker's bullish circular is imminent.



FINANCIAL TIMES STOCK INDICES

	Nov. 3	Nov. 2	Oct. 30	Oct. 29	Oct. 28	Oct. 27	A year ago
Government Secs...	61.93	61.66	61.16	61.01	60.62	60.46	70.39
Fixed Interest	62.56	62.46	61.83	61.78	61.65	61.61	71.94
Industrial Ord...	492.2	478.9	468.5	467.7	466.7	465.0	480.0
Gold Mines	351.0	352.5	350.4	353.1	365.3	356.9	506.6
Ord. Div. Yield.	6.03	6.20	6.33	6.35	6.37	6.40	7.58
Earnings, Yld. % (full)	10.28	10.57	10.80	10.83	10.87	10.91	17.11
P/E Ratio (net) (*)	12.48	12.14	11.89	11.85	11.81	11.76	7.13
Total bargains	16,751	15,905	13,054	13,415	13,323	13,317	20,649
Equity turnover £m.	—	94.88	63.83	68.50	83.57	68.10	116.22
Equity bargains......	—	10,999	8,549	8,778	9,302	9,564	16,044

10 am 480.0. 11 am 489.4. Noon 491.7. 1 pm 491.8.
2 pm 491.8. 3 pm 492.5.
Latest Index 01-246 8026.

* Nil=11.11.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs...	70.61 (20/6)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int..	72.01 (20/5)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord...	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines..	429.0 (14/9)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 2	Oct. 30
—Daily Gilt Edged Bargains...	212.8	159.8
Equities. Bargains...	71.3	55.4
Value......	191.8	129.0
5-day Avrge. Gilt-Edged Bargains..	165.7	154.4
Equities... Bargains.	61.1	58.5
Value......	153.2	139.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (15)

BRITISH FUNDS (2)
Treas. 8½pc '80-82 Treas. 9½pc 1983
AMERICANS (1)
C.P.C.
STORES (1)
Heelamat
ENGINEERING (1)
Austin (James)
FOODS (2)
Linfood R.H.M.
INDUSTRIALS (7)
Amal. Metal J.B Holdings
Baxter Travenol Petrocon
Clarke (Clement) TNT
Glaxo

NEW LOWS (16)

STORES (1)
Fine Art Devs.
ELECTRICALS (1)
Murray Tech. Invs.
ENGINEERING (2)
Spencer Clark Stone-Platt
INDUSTRIALS (6)
Davies & Newman Longton Ind
Gestetner A Rock Darham
Hawtin Sangers
TEXTILES (1)
Snia Viscosa
OIL & GAS (3)
Anvil Pet. Texaco 4½pc Cnv.
Falmouth Pet.
MINES (2)
Rand London Nickelore

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds ...	89	—	10
Corpns Dom & Foreign Bonds	33	2	37
Industrials	433	100	839
Financial & Props	304	19	186
Oils	40	13	51
Plantations ...	5	—	18
Mines	54	29	84
Others	86	19	88
Totals	1,036	182	1,313

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 2	Nov 13	Feb 11	Feb 22
Nov 16	Nov 27	Feb 25	Mar 8
Nov 30	Dec 11	Mar 11	Mar 22

For rate indications see end of Share Information Service

Calls were arranged in Candecca, Town and City Properties, Premier Oil, RHM, Royal Bank of Scotland, British Land, Montague L. Meyer, Tozer Kemsley and Millbourn, ICI, Lonrho, Berec, NCC, Rowton Hotels, Southern Pacific Petroleum and Central Pacific Minerals. Puts were done in Manganese Bronze, Plessey and Grand Metropolitan, while doubles were taken out in Grand Metropolitan, Double Eagle and GKN.

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or –	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	850	775	‡Asprey	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
§110	F.P.	13/11	153	130	Habitat	136	+1	[illegible]	[illegible]	[illegible]	[illegible]
§10½	F.P.	—	16	15	‡Humberside El. 10p	16	—	—	—	—	—
65	F.P.	2/12	74	69	‡Johnstone P. int 10p	76	+2	[illegible]	[illegible]	[illegible]	[illegible]
67	F.P.	18/12	69	68	‡Sheldon Jones	68	+1	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	16/10	230	155	‡UtdFrdl'yise.B.R.V.	230	+8	[illegible]	—	[illegible]	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing Price	+ or –
—	F.P.	26/10	82p	81p	Asprey 9% Cum. Prf.	[illegible]	[illegible]
**	F.P.	—	100½	97	Austin (F.) Leyton 11½% Prf. Cnv. Red.	[illegible]	+1
100	£10	13/12	64	62	Brooke Bond Leibig [illegible] Deb. '97/02	[illegible]	—
**	F.P.	—	12½	12	E. Worcs Waterworks 10% Rd. Prf. '86	[illegible]	—
§100	F.P.	—	99½	98½	Hawley Leisure 12% Cum. Pref.	[illegible]	—
51p	F.P.	—	52p	52p	Inchcape 6% Cum. Red. Prf. 1990/5	[illegible]	—
§100	F.P.	—	99½	92	Nat'wide Bdg Society [illegible]	[illegible]	—
97.29	£25	—	25½	22½	Nova Scotia (Province of) [illegible] Ln2011	[illegible]	+½
£1	Nil	13/11	1pm	1pm	Staffs. Potts. 10% Cnv. Cum. Prf.	[illegible]	—
—	—	—	5p	4p	Sterling Credit Warrants	[illegible]	—
100	£10	10/12	12	12	Tendering H'dred Water 10% Rd. Prf. '86	[illegible]	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or –
14	F.P.	30/10	20/11	20	17	British Benzol	17	—
275	125p	15/7	2/12	182	104	BP	106	+2
20	Nil	13/11	11/12	1pm	1pm	Brown & Jackson	[illegible]	—
182	F.P.	23/10	27/11	191	183	Fosecq Minsep	189	–1
90	F.P.	21/10	26/11	103	90½	Heelamat	108	—
50cts	Nil	—	—	11pm	11pm	T N T	11pm	+1
250	F.P.	22/10	19/11	282	250	Viner's United	[illegible]	+[illegible]
20	Nil	13/11	15/12	21pm	13pm	Websters	[illegible]	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. n Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights". ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Comprising 50 Ordinary of 1p and £1 of 10 per cent Loan 1988.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Brit Sugar	325	+ 2	Shell Trans.	388	+ 2
Lucas Inds.	187	+ 6	Sketchley	258	+18
Minorco	450	+30	Smiths Inds.	325	+18
R.H.M.	70	*+10	Thorn EMI	430	+15
Reed Int.	238	+14	Tozer Kemsley	70	+ 2
RTZ	475	+ 8	Tricentrol	270	+ 8

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
RTZ	18	467	+25	Avana	11	230	+ 8
BTR	14	328	+14	BP	11	310	+ 2
GEC	13	697	+15	Plessey	11	307	+ 1
BAT Inds.	12	350	+ 5	Polly Peck	11	355	+18
Glaxo	12	420	+10	BOC	9	142	+ 5
ICI	12	274	+ 4	Burmah Oil	9	107	+ 8
Mercantile Hse	12	415	+23	Shell Trans.	9	386	+ 6

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Tues., Nov. 3, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Nov. 2 Index No.	Fri. Oct. 30 Index No.	Thur. Oct. 29 Index No.	Wed. Oct. 28 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	323.31	+2.0	10.84	4.87	11.42	316.83	310.37	310.60	310.18	286.57
2	Building Materials (25)	274.94	+1.8	16.22	6.22	7.03	270.13	266.15	265.58	265.89	241.22
3	Contracting, Construction (28)	495.00	+1.5	19.08	5.57	6.13	487.69	480.20	478.84	479.76	416.91
4	Electricals (30)	1095.33	+1.9	8.33	2.62	14.99	1074.89	1049.95	1055.56	1045.68	930.73
5	Engineering Contractors (9)	462.75	+2.4	14.00	5.95	8.43	451.77	439.21	439.82	438.39	353.36
6	Mechanical Engineering (66)	181.36	+2.3	12.18	6.05	10.66	177.26	174.41	173.70	173.92	176.47
8	Metals and Metal Forming (13)	154.78	+2.7	9.31	7.65	14.55	150.68	146.92	146.48	146.38	158.83
9	Motors (21)	87.00	+3.0	—	7.80	—	84.45	83.65	83.28	84.14	92.85
10	Other Industrial Materials (18)	338.84	+2.1	9.74	6.67	12.58	331.85	323.31	323.54	328.43	0.00
21	CONSUMER GROUP (198)	258.29	+2.7	13.58	6.30	9.09	251.45	245.60	244.67	244.18	238.99
22	Brewers and Distillers (20)	264.20	+4.1	16.98	7.32	7.10	253.79	248.17	248.51	249.28	272.71
25	Food Manufacturing (21)	259.52	+3.6	15.44	6.50	7.81	250.51	244.56	243.00	241.47	209.89
26	Food Retailing (15)	530.34	+2.0	9.24	3.48	13.11	520.14	500.12	494.75	487.54	481.97
27	Health and Household Products (7)	339.45	+3.8	8.73	4.51	13.60	327.16	319.61	318.49	318.08	224.97
29	Leisure (24)	405.93	+2.2	10.03	5.42	12.36	397.09	383.81	383.85	381.41	385.44
32	Newspapers, Publishing (12)	440.28	+1.3	14.00	6.85	10.35	434.57	434.57	438.18	438.58	479.57
33	Packaging and Paper (13)	123.01	+2.9	15.23	8.65	7.98	119.56	118.22	119.43	119.98	128.91
34	Stores (46)	226.48	+2.4	12.70	5.92	10.55	221.09	216.59	214.07	213.35	246.39
35	Textiles (23)	140.12	+0.8	9.42	6.57	14.53	138.99	137.39	138.94	142.88	128.77
36	Tobaccos (3)	245.69	—	23.14	10.59	4.97	245.79	240.97	242.36	242.36	212.86
39	Other Consumer (14)	249.82	+1.3	8.79	6.94	17.67	246.58	246.03	246.19	243.85	0.00
41	OTHER GROUPS (79)	213.64	+2.1	11.63	6.61	11.00	209.31	205.91	205.33	204.00	[illegible]
42	Chemicals (16)	282.91	+2.0	5.64	6.34	29.79	277.31	272.42	269.54	267.72	303.90
44	Office Equipment (4)	96.88	+1.7	18.87	9.09	6.33	95.22	92.79	93.70	92.99	104.88
45	Shipping and Transport (13)	471.45	+2.1	22.48	7.78	5.29	461.65	454.70	455.34	453.52	562.52
46	Miscellaneous (46)	273.62	+2.2	13.82	6.06	8.74	267.81	264.27	264.91	263.22	228.38
49	INDUSTRIAL GROUP (487)	274.32	+2.4	12.30	5.80	10.09	267.94	262.24	261.72	261.11	[illegible]
51	Oils (13)	732.99	+1.0	19.42	7.70	5.83	725.84	714.35	694.95	692.45	[illegible]
59	500 SHARE INDEX	311.48	+2.1	13.65	6.16	8.86	305.03	299.16	296.82	296.06	311.94
61	FINANCIAL GROUP (119)	246.08	+1.8	—	6.17	—	241.64	237.58	237.68	238.03	[illegible]
62	Banks (6)	259.33	+1.8	34.43	7.26	3.42	254.76	251.16	250.75	250.16	257.16
63	Discount Houses (10)	237.38	+0.6	—	9.45	—	235.88	232.04	228.63	230.58	[illegible]
64	Hire Purchase (3)	225.53	+2.1	13.79	8.20	10.04	220.92	208.80	207.38	[illegible]	[illegible]
65	Insurance (Life) (9)	245.93	+3.0	—	6.50	—	238.72	236.24	240.94	242.06	[illegible]
66	Insurance (Composite) (10)	164.38	+2.2	—	8.15	—	160.90	158.42	158.09	159.80	170.47
67	Insurance Brokers (8)	414.39	+2.1	11.15	5.82	12.20	405.77	405.82	407.46	408.81	[illegible]
68	Merchant Banks (13)	145.63	+0.8	—	5.53	—	144.50	141.94	142.08	140.95	139.99
69	Property (50)	432.97	+1.5	4.51	3.30	29.95	426.50	415.88	413.92	414.69	408.13
70	Miscellaneous (10)	166.22	+0.7	19.33	6.61	6.29	165.03	162.75	162.11	161.61	162.49
71	Investment Trusts (110)	282.02	+1.6	—	5.69	—	277.46	271.88	270.71	[illegible]	[illegible]
81	Mining Finance (4)	244.11	+1.3	14.11	5.80	8.53	240.94	230.35	229.93	[illegible]	[illegible]
91	Overseas Traders (17)	398.77	+0.6	13.45	8.20	9.88	388.62	398.39	387.56	394.38	448.98
99	ALL-SHARE INDEX (750)	297.67	+2.0	—	6.16	—	291.87	286.38	284.68	284.25	[illegible]

FIXED INTEREST

	PRICE INDICES	Tues. Nov. 3	Day's change %	Mon. Nov. 2	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.23	+0.25	104.97	—	9.30
2	5-15 years	99.53	+0.49	99.04	—	11.03
3	Over 15 years	100.20	+0.30	99.90	—	12.32
4	Irredeemables	105.64	+0.18	105.45	—	13.50
5	All Stocks	101.29	+0.35	100.94	—	10.76
6	Debentures & Loans	77.44	+0.85	76.59	—	9.63
7	Preference	58.95	+0.00	58.95	—	6.30

	AVERAGE GROSS REDEMPTION YIELDS		Tues. Nov. 3	Mon. Nov. 2	Year ago (approx.)
	British Government				
1	Low	5 years	13.55	13.61	[illegible]
2	Coupons	15 years	14.14	14.19	[illegible]
3		25 years	14.16	14.22	[illegible]
4	Medium	5 years	15.55	16.04	[illegible]
5	Coupons	15 years	15.49	16.00	[illegible]
6		25 years	15.47	15.49	[illegible]
7	High	5 years	15.75	15.86	[illegible]
8	Coupons	15 years	16.18	16.28	[illegible]
9		25 years	15.48	15.72	[illegible]
10	Irredeemables†		13.83	13.83	[illegible]
11	Debs & Loans	5 years	16.86	16.97	[illegible]
12		15 years	16.88	16.61	[illegible]
13		25 years	16.70	16.34	[illegible]
14	Preference†		16.34	16.30	[illegible]

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28½p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	65.2	70.9	+2.0	2.04
Abbey Capital	[illegible]	51.3	+0.8	4.29
Abbey General	[illegible]	61.8	+1.1	5.00
Abbey Gilt & F.I. Tst.	95.5	100.9	+0.2	13.01
Abbey Income	[illegible]	32.2	+0.4	9.18
Abbey W'w.Bd.Tst.	102.3	108.9	+1.1	6.18
Abbey Inv. Ts. Fd.	49.6	53.6	+0.5	4.48
Equitas Prog. Tst.	80.1	86.6	+1.6	4.72

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	83.5	87.9	+0.3	13.80

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	86.4	92.4	+1.2	5.66
Brit. Inds. Fund	74.8	80.0	+1.4	6.08
Growth & Income	54.6	58.4	+1.2	4.28
Elect. & Ind. Dev.	44.0	47.1	+0.7	5.10
Allied Capital	93.9	100.5	+1.2	4.74
Hambro Fund	131.5	140.7	+1.9	5.70
Hambro Acc. Fund	190.0	203.3	+3.4	4.85

Income Funds

High Yield Fd.	61.3	65.6	+0.6	9.51
High Income	78.6	84.1	+1.6	7.61
Equity Income Fd.	45.3	48.5	+0.9	7.62

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	29.8	32.3	+0.8	1.59
Australian	25.0	—	----	1.00
Far Eastern Tst. (z)	42.2	45.8	+0.1	1.28
High Income	32.0	34.7	+0.5	12.71
Intnl. Trust (z)	49.3	53.3	+0.9	1.44
Basic Resources Tst.	48.4	52.5	+0.7	2.16
Incm. Growth Tst.	23.2	25.2	+0.3	8.88
Pref. & Gilt Tst.	18.6	20.2	----	15.82
Smaller Co's Trust	27.0	29.3	+0.1	13.74

Choularton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.2	76.4	+0.2	3.96
International	59.0	63.7	+0.9	1.19
High Income	25.7	27.7	+0.1	12.79

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	71.8	75.9	+2.6	3.95

For Cosmopolitan see Choularton Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	31.5	34.4	+0.2	13.24
North American	64.4	69.6	+1.9	2.46
Canadian Exempt*	64.3	68.0	-1.5	3.38
Canadian Trust	54.8	59.2	+1.4	3.05
Mid Mount High Inc.*	41.6	44.8	+0.9	10.95
Recovery	49.8	54.4	+0.1	7.95
Gilt Trust	37.3	39.0	-0.1	14.88

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	43.5	46.9	----	0.53
Cres. Internat'l.	86.6	93.5	----	1.60
Cres. High. Dist.	39.6	42.7	----	10.25
Cres. Reserves	48.2	52.0	----	5.77

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.,
TL & C Unit Trust Management 88 2800

L&C Inc. Fund	154.4	159.2	----	9.29
L&C Intl & Gen Fd	133.3	137.5	----	0.80

Legal & General (Unit Tst., Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Equity Dis.	89.8	97.1	+1.5	4.63
Equity Acc.	126.0	134.2	+2.1	4.63
Gilt	104.3	109.8	----	8.74

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114.

Leo Distribution	151.3	159.3	----	0.42
Leo Accum.	155.6	165.0	----	0.42

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	69.8	75.0	----	5.04
Do. (Accum.)	109.4	117.6	----	5.04
Energy Int.	46.4	49.8	+0.9	2.01
Do. (Accum.)	47.1	50.6	----	2.01
Extra Income	58.8	63.2	+0.8	9.58
Do. (Accum.)	80.7	86.8	+1.1	9.58
Income	89.8	96.5	----	7.48
Do. (Accum.)	147.9	159.0	+2.9	7.48
Int. Technology	80.0	86.0	----	0.55
Do. (Accum.)	80.8	87.0	----	0.55
N. American & Gen.	53.2	57.2	+1.3	1.16
Do. (Accum.)	54.3	58.3	+1.3	1.16
Pacific Basin	—	50.0	----	1.00
Do. (Accum)	—	50.0	----	1.00
Small Cos. & Recy.	53.5	57.5	+0.8	3.06
Do. (Accum.)	56.1	60.3	----	3.06
Worldwide Gwth.	86.3	92.7	+1.7	2.24
Do. (Accum.)	115.2	123.8	+2.2	2.24
Exempt Nov 3	104.9	110.4	-2.8	8.06

φUnauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	248.3	261.3	----	4.20

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	88.3	94.9	----	4.44
Income Fund	61.5	65.8	----	11.39

Prices on Oct. 30. Next dealing day Nov. 13.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to 01-554 8899 or 031-226 7351

International Funds

Capital	47.2	50.7	+0.9	2.70
I.T.U.	33.3	35.5	+0.6	4.44
Select International	348.4	374.6	+5.1	1.76
Univ. Growth	85.7	94.6	+1.1	0.74

Increasing Income Funds

High-Yield	52.6	55.7	+1.2	8.89
Select Income	54.9	59.0	+0.4	7.19

High Income Funds

Gilt & Fxd. Int. Inc.	44.1	46.5	----	13.43
High Return	60.7	64.6	+1.6	9.17
Income	39.3	42.2	+0.5	10.78

U.K. Funds

Gilt & Fxd. Int. Grth.	49.3	47.6	----	5.22
UK Equity	57.2	61.5	+1.0	4.51

Overseas Funds (z)

Europe	80.2	86.2	+1.3	1.41
Japan	124.1	133.4	+1.4	0.10
S.E. Asia	76.4	84.3	-0.2	0.74
U.S.	124.0	133.3	+3.3	0.71

Sector Funds

Commodity	133.5	143.4	+1.6	3.22
Energy	143.2	153.9	+3.5	1.24
Exploration Fund (z)	39.1	42.0	+0.6	0.34
Financial Secs.	101.0	108.7	+1.2	2.58
New Technology (z)	47.0	50.5	+0.6	0.25

Fixed-Interest Fund (z)

Intl. Bond Fd.	58.8	62.9	+0.3	2.31

Exempt Funds

Exempt Income*	171.6	181.2	----	8.63

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	285.0	300.0	+5.30	—
Fixed Int. Acc.	171.7	180.7	-1.00	—
Gtd. Money Fd Ac.	148.7	156.5	+0.10	—
Intl. Man. Fd. Acm	153.7	161.8	+1.60	—
Intl. Fxd. Int. Fd.	104.9	110.3	-0.40	—
Prop. Fd. Acc.	156.2	163.4	----	—
M'ple Inv. Acc.	282.1	298.2	+2.70	—
Equity Pen.Fd.Acc	380.6	400.6	+8.30	—
Fixed I.Pen Acc.	261.5	275.2	-2.30	—
G'td. Mon.Pen.Acc	199.3	209.7	+0.10	—
Intl. Mn.PnFdAcc	179.0	188.4	+2.20	—
Prop.Pen.Acc.	201.8	212.4	+0.10	—
M'ple Inv.Pen.Acc	328.1	345.3	+4.40	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	178.5	188.1	----	—
Money Fd	136.6	143.8	----	—
Equity Fd.	147.7	155.6	----	—
Fixed Int. Fd.	79.1	83.8	----	—
Property Fd.	138.2	145.6	----	—
Managed Pen. Fd.	141.2	148.8	+3.1	—
Equity Pension Fd.	101.5	107.0	+0.7	—
Fixed Int. Pens. Fd.	110.4	116.3	+3.0	—
High Yield Pens. Fd.	110.4	116.3	+2.9	—
Money Pension Fd.	104.8	110.3	----	—
Property Pension Fd.	103.2	108.7	----	—
Flexifund	107.8	115.6	----	—

AMEV/Framlington

American & Gen. Fd.	139.7	147.2	----	—
Income Fd.	115.0	121.2	+1.0	—
Intl. Growth Fd.	153.0	161.2	+1.0	—
Capital Fund	121.7	128.2	+0.6	—

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E7. 01-534 5544

Barclaybonds	161.1	169.6	+1.9	—
Equity	156.8	165.1	+2.4	—
Gilt-edged	116.8	123.0	----	—
International	117.6	123.8	+1.9	—
Managed	139.0	146.4	+1.2	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 5197

Portfolio Fd. Acc.		175.8	----	—
Portfolio Fd. Init.		157.5	----	—
Portfolio Fd. Cap.		174.7	----	—
Portfolio Man. Acc.	52.1	54.8	----	—
Portfolio Man. Init	48.1	50.6	----	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1010

Flexible Finance		1,203	----	—
Landbank Secs.		56.63	----	—
Landbank Sec. Acc.	140.0	146.7	----	—
G. & S. Super Fd.		£9.1109	----	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	266.8	296.6	----	—

GRE Linked Life Assurance Limited

Managed Initial	143.3	150.8	+1.9	—
Do. Accum.	152.2	160.2	+2.0	—
Equity Initial	169.3	178.3	+3.3	—
Do. Accum.	179.9	189.4	+3.5	—
Fixed Int. Initial	123.3	129.8	----	—
Do. Accum.	131.0	137.9	----	—
International Initial	141.0	148.5	+0.5	—
Do. Accum.	149.9	157.8	+0.5	—
Property Initial	111.6	117.5	----	—
Do. Accum.	118.6	124.9	----	—
Deposit Initial	111.4	117.3	----	—
Do. Accum.	118.4	124.7	+0.1	—

GRE Pensions Management Ltd.

Pens. Managed Initial	125.4	132.0	+1.7	—
Pens. Managed Acc.	130.2	137.1	+1.8	—
Pens. Equity Initial	135.5	142.5	+3.7	—
Pens. Equity Acc.	138.6	145.9	+3.9	—
Pens. Fxd. Int. Initial	112.0	117.9	----	—
Pens. Fixed Int. Acc.	116.3	122.4	----	—
Pens. Int'l Initial	123.6	130.2	+0.9	—
Pens. Int'l. Acc.	128.4	135.2	+0.9	—
Pens. Prop. Initial	108.0	113.8	----	—
Pens. Prop. Acc.	112.2	118.2	----	—

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98½	95	Treas. 8½pc '80-82‡‡	98½	+⅛	8.62	15.69
97	91⅝	Treasury 3pc '82‡‡	97	......	3.09	13.91
107	99¼	Treasury 14pc '82‡‡	99⅞	+⅛	14.01	14.26
99	98	Treas. Variable '82‡‡	99	+⅛	16.27	17.21
96⅞	93	Treasury 8¼pc '82	95¾	+¼	8.61	15.04
96	93	Exch. 9¼pc 1982	95⅝	+¼	9.69	14.95
95¼	92⅝	Exch. 8¾pc 1983	94⅞	+¼	9.22	13.52
92¼	84⅞	Exch. 3pc 1983	90	+⅛	3.33	11.46
99⅛	95	Treasury 12pc 1983‡‡	96⅞	+¼	12.38	14.57
99½	96¼	Treas. Variable '83 ‡‡	99 xd	+⅛	13.43	16.57
92¼	90⅛	Treasury 9½pc '83	92¼	+⅛	10.02	14.48
101	95¼	Exch. 13¼pc '83	97¼xd	+⅛	13.88	15.14
94⅛	89¼	Exch. 10pc 1983	91	+¼	10.98	15.10
88¾	83½	Funding 5½pc '82-84‡‡	84¾	......	6.48	13.72
96¼	90	Exch. 11¼pc 1984	92⅛	+¼	12.21	15.36
103	95¼	Exchequer 14pc 1984	97½xd	+¼	14.35	15.27
82⅞	77	Exch. 3pc 1984	78	......	3.84	13.18
98⅞	90½	Treasury 12pc 1984	92⅞	+¼	12.92	15.10
107¼	95⅞	Treasury 15pc 1985	98⅛	+¼	15.28	15.67
98⅞	88¼	Exch. 12pc Cnv. '85	90⅝	+¼	13.24	15.66
76	71	Treasury 3pc 1985	72xd	......	4.16	13.15
96	85¼	Treasury 11½pc 1985	87⅝	+¼	13.12	16.82
98⅞	87⅝	Exch. 12¼pc 1985	90¼	+¼	13.57	15.61
97⅛	84¼	Exch. 11¾pc '86	87¼	+⅜	13.46	15.90
70	65⅞	Treasury 3pc 1986	67⅝xd	+⅛	4.43	12.59
97	84½	Treasury 12pc '86	86¾	+¼	13.63	16.16
88⅞	78½	Treasury 8½pc '84-86‡‡	80¾	+¼	10.52	14.25
		Five to Fifteen Years				
103⅞	92¾	Exch. 13¼pc 1987	95¾	+⅜	14.41	15.51
81¼	71⅛	Funding 6½pc '85-87‡‡	73¼	+¼	8.88	13.59
99½	81½	Treas. 12pc 1987	84⅝	+½	14.19	16.10
81⅛	73⅞	Treasury 7¾pc '85-88‡‡	75⅞	+¼	10.58	14.37
65½	58⅝	Transport 3pc '78-88	60⅝	+¼	5.03	11.97
92¾	79½	Treasury 11½pc 1989	82¾	+⅝	14.38	16.12
67¼	59¼	Treasury 5pc '86-89	61⅞	+¼	8.12	12.85
101½	88½	Treasury 13pc 1990‡‡	91½	+½	14.86	15.72
95	81⅝	Exch. 12½pc 1990	84¾	+⅝	15.01	16.21
80⅞	71⅛	Treasury 8¼pc '87-90‡‡	73½	+¼	11.74	14.36
93⅛	79½	Treasury 11¾pc 1991	82¾	+½	14.88	16.19
66¼	57	Funding 5¾pc '87-91‡‡	59	+¼	9.82	13.72
90	72⅝	Exch. 11pc 1991	75⅞	+⅝	14.56	15.47
98⅜	83¾	Treasury 12¾pc '92‡‡	86⅝	+⅜	15.37	16.18
82⅞	70¼	Treasury 10pc 1992	72⅞	+⅜	14.12	15.74
94⅛	79	Exch. 12¼pc '92	82¼	+⅜	15.34	16.24
101⅛	84¼	Exchequer 13½pc '92	87½	+⅜	15.71	16.29
96¼	81¾	Treasury 12½pc '93‡‡	85	+⅜	15.41	16.11
63⅞	53¼	Funding 6pc 1993‡‡	55⅛	+¼	10.95	13.86
105¼	84	Treasury 13¾pc 1993‡‡	86¼xd	+½	15.72	16.15
107¼	90⅜	Treasury 14½pc '94‡‡	93½	+⅜	15.94	16.20
104¼	82⅝	Exchequer 13½pc 1994	85⅝	+⅜	15.82	16.28
95⅛	79½	Exch. 12½pc 1994	82¾	+⅜	15.58	16.19
79¼	63¼	Treasury 9pc '94‡‡	65½xd	+¼	13.75	15.16
92⅞	77¾	Treasury 12pc '95	81	+¼	15.45	16.10
51¾	42	Gas 3pc '90/95	42⅞	+⅛	7.00	11.40
83	69⅝	Exch. 10¼pc 1995	72⅛	+⅜	14.82	15.80
100⅛	79½	Treasury 12¾pc '95‡‡	81⅞xd	+½	15.50	15.96
104⅞	88⅜	Treas. 14pc '96	91⅛	+⅜	16.03	16.27
76¼	63⅛	Treasury 9pc '92/96‡‡	65⅛	+¼	14.03	15.20
115⅝	91⅝	Treasury 15¼pc '96‡‡	94¾	+⅜	16.10	16.22
103½	82	Exchequer 13¼pc '96‡‡	84½xd	+⅜	15.61	15.97
100⅞	90¼	Treas. 2pc I.L. '96‡‡	92¾	......	2.39	2.93
50⅛	42⅞	Redemption 3pc 1986-96	43½	+⅛	6.94	10.70
		Over Fifteen Years				
101⅛	85⅛	Treasury 13¾pc '97‡‡	88	+⅜	15.74	16.02
83⅞	69¼	Exchequer 10½pc 1997	72⅛	+⅜	14.95	15.65
74¾	62⅛	Treasury 8¾pc 1997‡‡	64⅛	+¼	13.98	14.98
25	22¼	Exch. 15pc 1997 £25pd ●	22⅞	......	16.14	16.25
65⅝	51⅞	Treasury 6¾pc '95-98‡‡	53¾	+¼	12.69	14.15
114½	94½	Treas. 15½pc '98‡‡	97⅛	+¼	16.12	16.16
95⅛	74⅝	Exch. 12pc 1998	76⅞xd	+¼	15.50	15.88
79⅜	66⅝	Treasury 9½pc 1999‡‡	68¼	+¼	14.43	15.10
94	76⅝	Exch. 12¼pc 1999	79¼	+¼	15.62	15.94
86¼	67⅞	Treasury 10½pc 1999	69⅝xd	+¼	14.99	15.53
100	83½	Treas. 13pc 2000	86⅝	+¼	15.74	15.92
107¼	85	Treas. 14pc '98-01	87¼xd	+⅛	15.92	16.05
93¼	77¼	Exch. 12pc '99-02	80½	+¼	15.57	15.77
104⅜	87⅛	Treas. 13¾pc 2000-03	90¼	+¼	15.91	15.98
90	73½	Treasury 11½pc '01-04	76⅝	+¼	15.30	15.48
41⅛	33⅛	Funding 3½pc '99-04	34⅜	+⅛	10.51	12.27
99¼	78	Treasury 12½pc '03-05	80½xd	+¼	15.49	15.60
91½	86⅜	Treas. 2pc I.L. '06 ‡‡	89½	......	2.40	2.63
68⅞	56¼	Treasury 8pc '02-06‡‡	58¼	+¼	13.89	14.23
92½	76⅜	Treasury 11¾pc 03-07	79⅝	+⅛	15.41	15.49
103⅜	84¾	Treas. 13½pc '04-08	87⅞	+⅛	15.62	15.66
50⅝	41⅛	Treasury 5½pc '08-12‡‡	43	+¼	13.04	13.37
66¾	55⅞	Treasury 7¾pc '12-15‡‡	57⅝	+¼	13.97	14.07
98⅛	81¾	Exch. 12pc '13-'17	84⅝	+⅛	15.03	15.03
		Undated				
33¾	27⅞	Consols 4pc	28½	......	14.57	—
32¼	24⅝	War Loan 3½pc‡‡	25½xd	......	13.79	—
37⅞	30½	Conv. 3½pc '61 Aft.	31	......	11.41	—
25	20⅛	Treasury 3pc 66 Aft.	20⅞	+¼	14.54	—
21⅛	17⅜	Consols 2½pc	18⅛	+¼	13.95	—
21	16¾	Treasury 2½pc	17½	+⅛	14.48	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅝	90½	Finland 14½pc Ln 1986	92¾	+¾	15.63	16.86
92½	87	Int. Bank 5pc '77/82	92½	+¼	5.40	15.46
99	89	Do. 13½pc Ln 1986	91	+½	14.83	16.40
100	88¼	Sweden 13½pc 1986	90¼	+¾	14.87	16.53

CORPORATION LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
93½	83¾	Bath 11¼pc 1985	86	+½	13.07	16.11
98	88¼	Birm'ham 12½pc 1985	90¼	+½	13.84	16.14
102	86	Burnley 13pc 1987	86¼xd	+¼	14.90	16.60
95½	80¼	Cardiff 11pc 1986	82xd	+¼	13.40	16.42
100⅛	97⅞	G.L.C. 12½pc '82	98¾	+⅛	12.65	15.14
99	93½	Do. 12½pc 1983	95½	+½	13.08	15.45
95⅜	92½	Glasgow 9¼pc '80-82	94	+¼	9.84	15.84
75½	67¾	Herts 6½pc 1985-87	69¼	+½	9.96	15.37
98¼	79¾	Leeds 13½pc 2006	83½	+¼	16.16	16.47
91½	86	Liverpool 9½pc '80-84	88	+½	11.08	15.68
26	21½	D. 3½pc Irred.	23xd	+¼	15.67	—
100½	94½	Lon. Corp. 13¼pc '83	96¼	+½	13.77	15.47
88¾	84	Do. 9¼pc '84-85	84½	......	10.90	16.26
80½	78	LCC 5½pc '82-84	79	+¼	6.96	15.28
71¼	63¾	Do. 5½pc '85-87	66¼	+¼	8.57	15.25
70¼	58	Do 6¾pc '88-90	59½	+¼	11.76	15.98
23¾	18¾	Do. 3pc '20 Aft.	19½xd	+¼	15.43	—
97¼	89½	Sunderland 12¼pc 1984	91¼	+½	13.43	15.86

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97½	92¼	Aust. 5½pc '81-82	96½	+⅛	5.73	15.86
87½	82½	Do. 6pc 1981-83	83¼xd	+½	7.17	15.48
67¼	57¾	N.Z. 7¼pc 1988-92	58¾	+¼	12.88	15.87
81¾	74	Do. 7½pc '83-86	76¼	+¼	10.39	15.64
141	115	S. Rhod. 2½pc Non-Ass.	132	......	—	—
61	43	Do. 3½pc 80-85 Asstd.	53	......	6.60	22.00
43	26	Do. 4½pc 87-92 Asstd.	33	......	13.63	21.00
395	323	Zimbabwe Ann (£100pa)	323	......	—	25.62

LOANS

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Public Board and Ind.				
64	57¼	Agric. Mt. 5pc '59-89	58¾	......	8.38	13.65
29½	23¾	Met. Wtr. 3pc 'B'	25½	+¼	11.99	14.32
114	97	U.S.M.C. 9pc 1982	100	......	9.33	—
97¾	91	Do. without Warnts.	95	......	9.85	—
		Financial				
101½	94¼	FFI 14pc '83	96	+¾	14.58	16.26
93½	88½	FFI(UK Fi)5½pcDb. '80-2	92½	......	5.99	15.94
83½	77	Do. 6¼pcDb. '81-84	78½xd	......	7.94	15.26
93	84½	Do. 10½pc Uns.Ln. '86	85	......	12.87	16.70
92	80	Do. 11pc Uns.Ln. '88	81½	+½	14.15	16.00
92	80	Do. 11¾pc Uns.Ln. '90	81	+½	15.28	17.10
94½	78½	Do. 12½pc Un. Ln. 1992	80½	......	15.81	16.90
64½	54½	Do. 7¼pcADeb. '89-92	56½	......	13.49	16.41
62	51½	Do. 7¼pcADeb. '91-94	52½	......	14.06	16.37
72½	59½	Do. 9pc 'A' '91-94	61	......	15.04	16.66
70	56½	Do. 8¾pcLn. '92-97	59	......	15.53	16.70
		Building Societies				
100⅛	98¼	N'wide 14¾pcBd11.8.82	98¾	−¼	15.01	—
100	98	Do. 14¼pc Bds 25.8.82	98¼	−¼	15.01	—
99¾	98¼	Do. 15¾pc Bds. 29.9.82	98½	......	15.61	—

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
95	58	Antofagasta Rly.	72	......	—	—
55	53½	Do. 5pc Pref.	54	......	—	—
98	98	Chilean Mixed	98	......	3	13 1
28	14	Chinese 4½pc 1898	18	......	—	—
22	11	Do. 5pc 1912	23	......	—	—
18	8	Do. 5pc 1913	14	......	—	—
16	9	Do. 5pc '25 Boxer	12	......	—	—
94	76½	Denmark 13pc 2005	80½	......	13	17.45
45	36	Greek 7pc Ass.	45	......	3½	18.09
42	33	Do. 6pc 28 Stb. Ass.	42	......	3	17.27
35	30	Do 4pc Mixed Ass.	35	......	2	15.82
52	38	Hung. '24 Ass.	38	......	2¼	17.49
97¼	87	Hydro Quebec 15pc Ln 2011	90½	......	15	17.30
67	60	Iceland 6½pc '83-88	60	......	6½	16.99
102	81½	Do 14½pc Ln. 2016	85½	+¼	14½	17.72
90½	83½	Ireland 7½pc '81-83	90½	+¼	7½	15.76
79¾	63¾	Do. 9¾pc '91-96	66	+½	9¾	16.13
225	180	Japan 4pc '10 Ass	225	......	—	—
79	66	Do. 6pc '83-88	67½	......	6	14.73
165	155	Peru Ass. 2007	161	......	5.22	17.94
96¼	79½	Pet. Mx 14½pc '06	83	+½	14½	17.81
S79	S75	Turin 9pc 1991	S75	......	9	12.00
DM90	DM87	Turin 6½pc 1984	DM87	......	6½	11.30
96	96	Uruguay 3½pc	96	......	3½	3.85

AMERICANS

1981 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
27⅝	24	AMF 5% Conv. '87	24	......	5%	—	13.1
16½	912p	Abbott Labs.‖	15⅜	+⅛	72c	—	2.6
17¼	12½	Alcoa $1	13⅛	+¼	$1.80	—	6.7
37⅞	16½	Amax $1	25⅝	+⅜	$2.40	—	5.2
21¼	14	Amdahl	18½xd	+¼	40c	—	1.2
27⅞	16⅝	Amer. Express $0.60	25	+⅞	$2.00	—	4.4
26	15½	Amer. Medical Intl. $1	24⅛	+⅛	64c	—	1.5
21¼	20¼	Amer. Nat. Res. $1	20⅝	+½	$3.44	—	9.4
14⅞	11¼	Bank America Corpn.	12¼xd	+⅛	$1.52	—	7.0
18⅝	12⅛	Bankers N.Y. $10	17¼	+½	$1.85	—	5.8
36⅝	22¼	Bendix Corp. $5	29⅝	+⅜	$3.00	—	5.6
14⅞	951p	Beth Steel $8	11¼	......	$1.60	—	7.9
18⅞	975p	Brown'g Fer. c16⅔	17⅜	+⅛	84c	—	2.7
11⅞	564p	Brunswick Corpn.‖	11⅛	−¼	90c	—	4.5
24¼	14¼	Burroughs Corp. $5	15⅝	+¼	$2.60	—	9.2
31⅞	19⅞	CBS $2.50	29⅝	+⅞	$2.80	—	5.2
18⅝	12¼	C.P.C. $½	18⅜	+⅜	$1.92	—	5.8
36	23	Caterpillar‖	27¾xd	+1	$2.40	—	4.8
31⅛	18	Chase M'htn.$12.5	30xd	+⅞	$3.10	—	5.8
19⅝	11⅞	Chesebrough $1	19⅝	+⅜	$1.52	—	4.4
382p	178p	Chrysler $6¼	220p	+7	—	—	—
15	883p	Citicorp $4	13½	+¼	$1.56	—	6.4
15¼	865p	City Inv. $1.25	13⅛	+⅜	$1.60	—	6.8
24	13⅞	Do. Cm. Prf. B $1	20¼	+1	$2.00	—	5.5
916p	587p	Colgate-P. $1	841p	+27	$1.20	—	7.9
49½	18⅞	Colt Inds. $1	44	......	‡$2.90	—	3.6
20⅝	11⅞	Cons. Foods $1⅓	16½	+⅜	$2.12	—	7.2
21¾	12⅞	Cont. Illinois $10	20	+⅛	$2.00	—	5.6
24	13⅞	Crown Zell. $5	14½	+⅜	$2.30	—	8.8
935p	510p	Dawson Oil US$0.4	615p	+15	—	—	—
21⅛	11⅛	Eaton Crp. $0.50	16¼xd	−⅛	$1.72	—	5.9
30⅝	15⅞	Esmark $1	28⅞	+⅜	$1.84	—	3.6
20	15	Exxon‖	16¼	......	$3.00	—	10.2
11½	552p	Fin. Corp. America	895p	+28	68c	—	4.2
10⅞	639p	First Chicago $5	10⅜	+¼	$1.20	—	6.1
25¼	14½	Fluor Corp. $⅝	15⅞	+½	80c	—	2.8
12½	789p	Ford Motor $2	908pxd	+47	$1.20	—	7.4
21½	15½	GATX $⅝	16⅞	+½	$2.40	—	7.9
34¼	24⅝	Gen. Elect.$2½	29¼	+¾	$3.20	—	6.0
18	11½	Gillette $1	16¼xd	+⅝	$2.10	—	7.2
24¼	17¾	Gulf Oil‖	19⅝	+¼	$2.80	—	8.0
50½	41	Honeywell $1.50	43⅝	−¾	$3.40	—	4.4
25	875p	Hutton (E. F.) $1	22⅞	−½	‡80c	—	1.9
32⅝	26⅜	I.B.M. Corp. $1.25	28¼	+⅞	$3.44	—	6.8
38	28⅞	Ingersoll-R $2	31⅞	......	$3.40	—	6.0
960p	655p	I. U. International‖	734p	+41	$1.10	—	8.3

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

Indian and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	45	......	Q2.5c	—	3.5
41	14	ACM 20c	25	+3	—	—	—
21	9	Argosy Gold NL 25c	11	+1	—	—	—
229	134	Bond Corp.	144	−2	Q10c	2.3	4.4
112	67	Bougainville 1 Kina	75	+2	‡Q25.4c	1.0	‡
302	176	CRA 50c	202	+10	Q19c	1.7	5.7
25	9	Canada Northwest	10	+1	—	—	—
35	11	Carr Boyd 20c	13	+1	—	—	—
415	43	Central Pacific	55	+3	—	—	—
35	6	Cons. Gold Min. N.L. 50c	6	......	—	—	—
47	13	Cultus Pacific N.L.	17	+1	—	—	—
66	22	Eagle Corp. 10c	25	−1	—	—	—
40	18½	Endeavour 20c	18½	......	—	—	—
560	310	G. M. Kalgoorlie 25c	420	......	Q32½c	ϕ	4.7
25	6½	Great Eastern	7	......	—	—	—
185	60	Greenbushes Tin 50c	80	+10	Q6c	1.9	4.6
275	130	Hampton Areas 10p	148	−2	2.5	3.1	2.4
168	31	Haoma Gold N.L.	34	......	—	—	—
85	20	Int'l. Mining	27	+4	—	—	—
118	24	Jimberlana (50cFP)	32	+4	—	—	—
15	10	Kalbara Min 20c	10	......	—	—	—
245	130	Kitchener NL 25c	140	+5	—	—	—
105	16	Leichardt Expln.	20	+2	—	—	—
430	275	Meekatharra	360	......	—	—	—
70	40	Metals Ex. 50c	44	+2	§Q3c	ϕ	4.2
38	19½	Metramar Mins. 20cs	21	+1½	—	—	—
20	10	Mid East Mins. NL	10	......	—	—	—
290	189	M.I.M. Hldgs. 50c	210	+5	Q15c	ϕ	4.5
21	7½	Minefields Expl. 25c	9	......	—	—	—
20	13	Newmetal 20c	15	+1	—	—	—
69	36	Nickelore N.L.	36	−1	—	—	—
204	147	North B. Hill 50c	155	+3	Q18c	ϕ	7.3
84	50	Nth. Kalgurli	78	+1	—	—	—
200	94	Nth. Mining Corp.	190	......	♦—	—	—
122	20	N. West Mining N.L.	24	+3	♦—	—	—
150	106	Oakbridge 50c	120	+2	Q6½c	ϕ	3.3
185	90	Oilmin N. L.	90	−5	—	—	—
188	104	Pacific Copper	110	+4	—	—	—
*423	126	Pancont'l 25c	138	+6	—	—	—
88	42	Paringa M&Ex.5p	64	−2	♦—	—	—
525	325	Peko-Wallsend 50c	360	+10	Q15c	—	2.6
43	16	Pelsart Res NL	24	......	—	—	—
120	58	Seltrust A	58	......	—	—	—
157	18	Southern Pacific	27	+2	—	—	—
100	40	Swan Resources 20c	45	−1	—	—	—
316	60	Vultan Mins 20c	70	+5	—	—	—
18½	8	West Coast 25c	8½	......	—	—	—
130	85	Westn. Cont 50c	85	......	—	—	—
335	227	Westn. Mining 50c	260	+1	Q14c	1.6	3.3
27	14	Westmex	14	......	—	—	—
76	36	Whim Creek 20c	40	+2	—	—	—
101	21	York Resources	26	+1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	7½	Amal Nigeria 1p	7½	......	‡6.0	—	—
300	210	Ayer Hitam SM1	225	......	‡Q35c	1.0	‡
210	98	Geevor	160	......	—	—	—
11	8	Gold & Base 12½p	9½	......	—	—	—
660	471	Gopeng Cons.	475xd	......	13.0	1.5	3.9
450	310	Hongkong	320	......	21.0	ϕ	9.4
160	110	Idris 10p	155#	......	‡9.0	0.8	‡
*29	10	Jantar 12½p	18	......	1.5	4.0	11.9
98	60	Kamunting SM0.50	60	......	Q27½c	0.8	[illegible]
665	363	Killinghall SM1	500	......	[illegible]	ϕ	3.3
114	88	Malay Dredging 10c	92	+2	ϕhQ33c	0.9	10.1
68	30	Pahang	32	......	‡0.65	0.8	‡
125	90	Pengkalen 10p	110	−3	3.5	0.6	4.2
380	290	Petaling SM1	290	......	‡Q160c	1.4	‡
25	19	South Crofty 10p	24#	......	—	—	—
225	185	Sungei Besi SM1	195	......	Q310c	1.5	37.9
185	90	Supreme Corp. SM1	90	......	‡Q15½c	ϕ	4.2
118	100	Tanjong 15p	100	......	3.5	3.7	5.0
90	60	Tongkah H. Tin $Sm	60	......	Q23%	0.4	7.7
410	220	Tronoh SM1	250	......	‡Q110c	1.2	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	325	......	†Q45c	4.7	7.9

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	32	Anglo-Dominion	34	+2	—	—	—
25½	12	Burma Mines 10p	13	......	0.75	0.9	8.2
330	85	Colby Res. Corp.	150	+5	—	—	—
330	200	Cons. Murch. 10c.	280	−10	tQ30c	1.8	6.1
10	6	††Explaura Gold	8	−½	—	—	—
98	47	††Hemerdon 10c.	57	......	—	—	—
180	65	Highwood Res.	80	+5	—	—	—
505	260	Northgate C$1	320	......	—	—	—
633	372	R.T.Z.	475	+8	16.0	2.3	4.9
£130½	£93½	Do. 9¾%Cv.Ucln.'95-2000	£107½	+1½	Q9¾%	—	f9.7
103	13	††SPO Minerals 10p	26	......	—	—	—
47	20	Sabina Inds. C$1	22	......	—	—	—
44	21	‡Southwest C. 10p	27	+2	—	—	—
585	465	Tara Exptn. $1	560	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ⁑ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ⁂ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- B No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ⁂ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xC ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	41	+1	Conv. 9% '80/82	£92⅝	+⅛
Bertrams	10	......	Nat. 9¼% 84/89	£68⅝	......
Bdg'wtr. Est. 50p	400	......	Fin. 13% 97/02	£73½	......
Craig & Rose £1	£13	......	Alliance Gas	75	......
Finlay Pkg. 5p	23	......	Arnott	223	......
Graig Ship. £1	£21	......	Carroll (P.J.)	77	......
Hipsons Brew	63	......	Concrete Prods.	90	......
Holt (Jos) 25p	510	......	Helton (Hldgs.)	23½	......
I.O.M. Stm. £1	150xd	......	Irish Ropes	40	......
Pearce (C. H.)	760	......	Jacob	63½xd	......
Peel Hldgs.	120	+4	T.M.G.	17	......
Sheff. Refrshmt	90	......	Unidare	58	......
Sindall (Wm.)	190	......			

OPTIONS

3-month Call Rates

Industrials		House of Fraser	13	Utd. Drapery	6½
A. Brew	6½	I.C.I.	18	Vickers	15
BOC Intl.	11	"Imps"	5	Woolworths	4½
B.S.R.	7½	I.C.L.	5		
Babcock	9	Ladbroke	13	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	7
Beecham	17	Lex Service	9	Cap. Counties	10
Blue Circle	38	Lloyds Bank	28	Land Secs.	30
Boots	18	"Lofs"	3½	MEPC	20
Bowaters	19	London Brick	6½	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	28	"Mams"	11	Town & City	2¼
Brown (J.)	8	Mrks. & Spncr	10		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	8	N.E.I.	7	Brit. Petroleum	28
Courtaulds	5½	Nat. West. Bank	30	Burmah Oil	11
Debenhams	7	P & O Dfd.	9	Charterhall	6
Distillers	16	Plessey	25	KCA	12
Dunlop	6½	Racal Elect.	34	Premier	7
Eagle Star	25	R.H.M.	5	Shell	28
F.N.F.C.	4	Rank Org. Ord.	14	Tricentrol	25
Gen. Accident	38	Reed Intnl.	23	Ultramar	40
Gen. Electric	55	Sears	5		
Glaxo	32	Tesco	5		
Grand Met.	15	Thorn EMI	30	**Mines**	
G.U.S. 'A'	36	Trust Houses	11	Charter Cons.	21
Guardian	30	Tube Invest.	12	Cons. Gold	40
G.K.N.	12	Turner & Newall.	7½	Lonrho	7
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday November 4 1981

INDUSTRY LEADERS DEMAND SHIFT IN POLICY

CBI may press for reflation

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is likely to come under renewed pressure from the Confederation of British Industry to introduce a limited reflation and cut the National Insurance surcharge following a debate on the state of the economy yesterday at the *CBI annual conference.*

The strength of the pressure will depend on the willingness of Sir Ray Pennock, CBI president, and of his policy-making national council, to adopt a tougher and more outspoken approach in their dealings with the Government.

Speakers during the debate from large companies and smaller businesses said the CBI should speak out clearly about the needs of indutsry without concern over political loyalties.

Their message was that the Government should accept the risks involved in relaxing its policies because the risks of not doing so were greater.

The CBI should, in turn, not concern itself with the political implications of criticising the *Government but should clearly* state industry's needs.

Two senior industrialists, Sir Adrian Cadbury, of Cadbury Schweppes, and Mr Ronnie Utiger, of British Aluminium, spelt this out to the conference. They were backed by a resolution calling for action "even if this means temporarily increasing the PSBR" which was proposed by Mr James Cleminson, of Reckitt and Colman.

It was approved by the conference with hardly any *opposition.*

Sir Adrian Cadbury said the CBI had to make "industrial judgments," not political judgments for which they had "neither competence nor a mandate."

With these and other *speeches,* the CBI conference yesterday built itself a new sound base on which to mount its policies after the setbacks it suffered a year ago when threats to mount a "bare knuckle fight" were issued by Sir Terence Beckett, the director general, who has been absent from this week's proceedings after a bout of illness.

Sir Ray Pennock was not prepared after yesterday's session to say that any new approach was needed.

Sir Ray said he saw the Prime Minister about a week ago and expected to see Sir Geoffrey Howe, the Chancellor, and other senior Ministers soon.

A speech winding up the conference made by Sir Campbell Fraser, chairman of Dunlop and CBI chairman-designate, received a short standing ovation. But the most spontaneous outbreak of applause in the two days' proceedings came when it was announced that the BL strike was all but over. Delegates cheered *for the first time,* pleased that the Government's tough approach had helped to tame the militancy of another significant group of workers.

Conference reports, Page 10

Fears for Swiss Volksbank calmed

By John Wicks in Zurich

THE SWISS financial community appeared to be satisfied yesterday with the state of health of Swiss Volksbank (Banque Populaire Suisse), which has dis*closed losses of SwFr 139m* (£41m) in silver dealings and warned that its 1981 dividend would be cut substantially.

Volksbank shares, which had fallen here on Monday to SwFr 890 from their 1981 peak of SwFr 1,825, recovered by SwFr 50 to close at SwFr 940 yesterday. A statement by the bank, the fourth largest in Switzerland, on Monday night was prompted by widespread concern that its problems in the silver market would oblige it to pass a dividend this year and might even threaten its independence.

In asta tement on Monday night Volksbank said it would be carrying out a "substantial reduction" in its dividend because of write-downs on securities and what it referred to as the distortion of interest rates.

It also said that disclosed equity was intact, but that sums of SwFr 72 in 1980 and SwFr 67m this year have had to be set aside from unpublished reserves to cover losses on past silver transactions.

Large-scale dealings in silver were carried out through the Geneva branch after instructions from head office in 1979 had been "ignored or wrongly interpreted," according to the bank's statemen. The bank had to issue substantial dollar credits against silver

Volksbank is currently involved in litigation with one former client, Mr Mahmud Fustok. Mr Fustok, a Saudi citizen, has been sued for unspecified debts by Volksbank and has himself sued the bank for $387m (£202m) damages, claiming that the bank and its Geneva subsidiary Advicorp had carried out loss-making silver deals in his name in favour of other clients.

While Volksbank says it has taken action in respect of organisation and personnel in connection with the Geneva case, it stresses that none of *its employees was guilty of* punishable acts.

The financial community does not expect any further bad news from Volksbank. Both the Swiss Banking Commission and the bank itself have made it clear that Volksbank is in no danger.

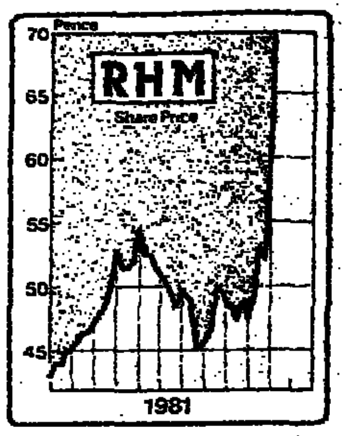
David Lascelles adds from New York: The U.S. authorities recently barred Swiss Volksbank from American commodity markets for 90 days in what has become a key case in U.S. attempts to obtain more information about people trading anonymously in commodities through foreign banks.

THE LEX COLUMN

Showdown in the larder

Relief that BL workers stepped back from the brink *pushed up the prices of typical* components manufacturers by 5 per cent or so yesterday. And the FT-Actuaries All-share ended the day 2 per cent higher. But the size of the movement was more a reflection of the shortness of the jobbers' books *than anything else, and trading* remained extremely thin.

Index rose 13.3 to 492.2



British Sugar/RHM

"Now is the right time to take a strategic stake in a company with a similar background," said British Sugar yesterday after buying up 14.7 per cent of Ranks Hovis McDougall in a dawn raid—that strange corporate mating dance which it learned from S and W Berisford in the summer. The prospect of sitting tight until next July and waiting for Berisford to launch another bid from its 40 per cent platform has apparently proved too much for BSC's management.

There is no reason for Berisford's presence to inhibit BSC from developing its business, but the sheer scale of a bid for RHM—assuming that that is what is being considered—would raise eyebrows even if Berisford were not around. Both companies (and Berisford too for that matter) are capitalised at just below £200m, and RHM's baking and animal feed assets could do with a hefty chunk of capital spending.

The managements of mature companies like BSC are often tempted to diversify and usually do it very badly. Those portfolio managers who supported the BSC Board by refusing Berisford's 335p a share cash in the summer cannot be happy to see BSC using their money to pay a 40 per cent premium over pre-rumour price levels for a stake in RHM. Until BSC can provide some very convincing reasons for its manoeuvre—and talk of grocery synergy will not do—it may be seen as a cynical attempt to promote management survival.

BSC cannot acquire control of RHM without shareholders' *approval—apart from consideration* of sheer size, it would need to use its paper and it has no unissued shares. Berisford would have every chance of blocking it, always assuming the Monopolies Commission did not get in first. On the face of *of it, it is hard to see how any* proposals involving RHM could work in Berisford's favour; it is not interested in minority holdings, and it cannot want a highly geared subsidiary which might hamper its own financial flexibility.

If RHM does turn out to be up for grabs, the U.S. grain majors are likely to have a good look at it. So the market will have plenty to mull over while the three protagonists square up.

Dalgety

Dalgety's annual report talks encouragingly about the scope for further progress this year, but also makes it clear that the management still has a great deal on its plate. With gross capital employed of around £500m, a pre-interest return of just over £70m is nothing to shout about. And the balance sheet remains highly geared, with net debt of £212m comparing with net worth of £233m. That proportion falls to about 60 per cent if trade finance is excluded, but this still looks a formidble figure given that retentions over the last five years have amounted to only about £15m.

Meanwhile the dividend is nothing like covered on a current cost basis. The auditors have not been asked to examine these supplementary figures, which is unusual in a company of this importance.

Reed International

Reed International's figures for the second quarter to October provide no evidence of an overall improvement in demand, but at least the weak pound has helped to compensate for the high cost of ration*alising the company's UK* businesses.

Redundancies cost Reed £5m in the secondquarter, compared with £1½m in the previous three months, so the decline of more than a third in pre-tax profits to £14.9m overstates the underlying downturn. Matters would have been a good deal worse without the depreciation of sterling, however. Overseas profits work out marginally higher than in the first quarter, and exports from the UK building products division are still increasing. Moreover, the decline of the Canadian dollar against the U.S. currency has increased margins on Canadian newsprint, an effect which is magnified on translation into sterling.

The UK picture remains very patchy. National newspapers were only breaking even in the first half and the forecast of a full year trading loss of over £5m from Odhams indicates how far the UK reorganisation still has to go.

The second half should be a little better. Newspapers are in profit again, following an agreement on newsprint prices and a cover price increase on the Daily Mirror, and the decorative products division is slowly being steered back into profit. The great uncertainty is the level of redundancy costs in the second half but Reed should top £80m pre-tax for the full year. The dividend looks safe and should be covered by current cost earnings. Up 4p at 238p yesterday, the shares yield almost 8 per cent.

Trident TV

Trident Television has raised the art of opportunism to new heights with its proposed deal to buy Playboy's assets in the UK. Trident's original intention, when outlawed by the Independent Broadcasting Association from direct TV broadcasting, was to retain its media involvement through newfangled devices like satellites and videocassettes. However these developments are still some time ahead—at least in their cash demands. Meanwhile, Trident has £12m-odd to spend, or should have by the end of the year, from the disposal of controlling stakes in Yorkshire and Tyne Tees.

Taking on Playboy involves the risk that the Gaming Board may not renew the licences. But it must be a good bet that a group with Trident's clean hands will win through on appeal. Meanwhile, Playboy's monthly cash flow of £1m pending appeal hearings puts the purchase price of £17m into perspective, suggesting that the level of risk may be more limited than appears at first sight. At 51p, up 1p yesterday, Trident's market capitalisation is £25m.

Go ahead expected on Dungeness

By David Fishlock, Science Editor

GOVERNMENT NUCLEAR inspectors are this morning expected to approve the loading of nuclear fuel into the first of Dungeness B's advanced gas-cooled reactors (AGRs).

The approval will represent a milestone in the industry's longest-running saga, which has had a damaging effect on its public image.

The fuel loading should be completed in about 10 weeks, more than 16 years since the station contract was placed.

Mr Joe Seddons, resident site manager, forecast yesterday that, allowing time for further tests, Dungeness B should raise its first power in March.

The consortium Atomic Power Constructions (APC), which won the contract in 1965 in competition with American reactor designs, went bankrupt in 1970 and was acquired by its customer, the Central Electricity Generating Board. A GEC subsidiary was then appointed to manage the project.

Capital costs of Dungeness B have risen from the initial bid of £89m to an estimated £500m but the CEGB is confident that Dungeness B will generate power more cheaply than its latest coal-fired stations, because of its much lower fuel costs.

The CEGB's latest AGR order, for Heysham 2, a station of similar size scheduled to produce its first power in 1987, is expected to cost £1.43bn at 1981 prices.

The Dungeness B project management team says capital costs have risen less, proportionately, than those of the Thames Barrier, inherently a much simpler engineering concept.

In 1976, when the Dungeness B scheme was possibly at its lowest ebb, the CEGB replaced the GEC project management team with a north country trio of project "doctors."

Details, Page 9

UK reserves fall £203m as Bank steps in again

BY DAVID MARSH

BRITAIN'S OFFICIAL reserves of gold and foreign exchange fell $380m (£203m) last month to *$23.32bn,* the lowest for nearly two years. The drop partly reflected further sales of currencies by the Bank of England to steady the decline of the pound, which came under sporadic pressure on the foreign exchanges in October.

The underlying decline in the reserves, after taking account of public sector debt transactions and valuation changes, came to $225m.

This was only about one third of the underlying fall in September, when the Bank was forced to intervene substantially to help stem sterling's weakness.

The change in the reserves gives only a rough indication of intervention. It is the product of a series of transactions by the Bank of England for the Government and other central banks, not simply action to influence the exchange rate.

Nonetheless, the underlying fall of $1.74bn over the past five months points to a clear increase in intervention since the early summer. This has been part of the Government's efforts to minimise inflationary currency depreciation.

Downward pressure on the pound moderated in October but the Bank was believed to have stepped in to steady the pound when it fell towards the $1.80 level near the beginning and the end of the month.

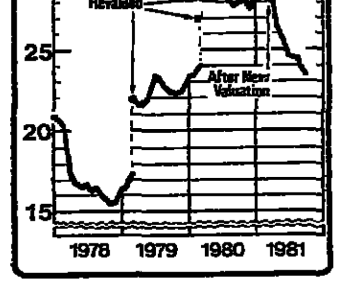
Sterling has since gained strength from falling U.S. interest rates. Yesterday it was slightly lower against a generally little changed dollar, closing in London at $1.87, down 0.30 cents from Monday. Its trade-weighted index calculated by the Bank of England rose to 89.0 from 88.9.

Britain's stock of reserves has now dropped more than $5bn since the peak level of $28.43bn in February. The drop particularly reflects heavy repayments of official foreign debts in addition to intervention support for the pound.

Last month, in a break with the recent trend, new foreign borrowing by the public sector at $148m exceeded official overseas debt repayments. These came to $129m, including a regular repayment of $76m of the UK's oil facility borrowing from the International Monetary Fund.

The main new borrowing was a $100m bank credit for the Electricity Council. Drawing of the credit may have been influenced by the Government's desire to prevent too sharp a decline in the reserves for the month.

The other factor influencing the reserves last month was a valuation decrease of $174m



resulting from the quarterly renewal of Britain's stock of European Currency Units held as part of EEC monetary arrangements.

Britain exchanges 20 per cent *of its gold and dollar reserves* for ECUs under a complicated valuation procedure which depends on the exchange rate of European currencies and on the price of gold.

ECU holdings have been depleted recenely by the fall *both in Britain's overall dollar* reserves and in the price of gold. The latest gold valuation used is $402 per ounce, around 50 per cent down from last year's peak level.

Money markets, Page 31

Boat builder in receivership

BY CARLA RAPOPORT

THE Westerly Marine Construction company, the largest builder of sailing yachts in Britain and one of Europe's biggest, has gone into receivership at the request of its directors. The collapse of the Waterlooville, Hants, based com*pany is* the latest in this year's string of failures in the hard-hit UK boat-building industry.

In its 1979-80 financial year Westerly Marine recorded sales of about £11m and exported about 50 per cent of its output to the Continent. This year exports had dropped to 5 per cent of output, hurt by the strength of sterling and the collapse in demand for boats in the £10,000 to £40,000 range.

The company had built at a rate of nearly 1,000 boats a year by 1979. It employed about 700 people. That number apparently shrunk to fewer than 300 in the *past few months.*

Mr Mark Homan and Mr Peter Padmore, accountants with Price Waterhouse, were appointed receivers and managers of Westerly and of Seaglass, its subsidiary.

The receivers said yesterday they intended to continue trading, possibly through a new subsidiary company, with a view to selling the business as a going concern.

Continued from Page 1

BL

Mr Jack Adams, the Communist convenor at Longbridge, said workers had been influenced by company "propaganda" and the fear of losing their jobs.

The shop stewards explaining the rebuff at Longbridge, where support for the strike had appeared to be solid, pointed to the conflicting advice given by national union leaders, and the fears of workers of losing their jobs in an area of high unemployment.

At Cowley, Oxford, workers in the assembly and body plants, voted decisively to continue the action. Their decision reflected confidence that BL would go ahead with investment at the plant where *the new middle range car the* production next year.

London to Glasgow trial

BY ANDREW FISHER

BRITISH RAIL'S much-delayed Advanced Passenger Train (APT) will finally go into trial service between Glasgow and London, Euston, on Monday, December 7.

In case the train — ten years behind schedule and beset by technical problems — has to be withdrawn, BR has timed its departure for just before those of scheduled trains.

The experimental service will run on Mondays, Wednesdays and Fridays for two weeks before Christmas, and daily on Mondays to Fridays from January 11. Mr Ian Campbell, BR's vice-chairman, said last night.

It will make a 4¼-hour run each way at a top speed of 125 mph. Last month BR said it would build a £2m prototype electric locomotive so that it could quickly introduce a stop-gap 125-mph service on the electrified Glasgow to London route *if necessary.*

This project was announced as France displayed its new 162 mph train, the world's fastest which runs between Paris and Lyons. BR has invested £40m in the APT, which can travel at more than 150 mph.

The APT service will use a £3.2m pre-production prototype. It will cut about 45 minutes off the Glasgow-to-London journey time.

BR plans to build 60 APTs *to take over Inter-City services* on the west coast main line—

Continued from Page 1

W. German

crease in short time working and co-incided with data indicating that West German industrial production was still stagnating in September.

Seasonally adjusted industrial production figures for September showed a decline of 1 per cent compared with August. The combined August/September figures are also 1 per cent below the level of the same period in 1980, and a decline of one half a percentage point compared with June and July.

In the heavily populated industrial region of North Rhine Westphalia, which includes the Ruhr area, un*employment hit 7 per cent,* a level not seen for a generation.

Weather

UK TODAY

SHOWERS, temperatures near normal but wintry at times in the north.

England, Borders, Midlands, Channel Islands, Wales, N. Ireland.

Scattered showers, sunny intervals. Max. 10C (50F).

Lake District, Scotland, Orkney, Shetland.

Rain, becoming wintry. Winds gale to storm, rather cold. Max. 8C (46F).

Outlook: Dry, becoming colder.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	L. Ang.†	S	26	79
Algiers	S	25	77	Luxmbg.	C	12	54
Amsdm.	C	14	57	Luxor	S	28	82
Athens	S	24	75	Madrid	S	20	68
Bahrain	—	—	—	Majorca	S	22	72
Barclna.	S	19	66	Malaga	—	—	—
Beirut	S	25	77	Malta	S	14	57
Belfast	C	13	55	M'chstr.	S	14	57
Belgrd.	F	18	64	Melbne.	S	29	84
Berlin	C	11	52	Mex.C.†	—	—	—
Biarritz	C	13	55	Miami†	S	26	78
Bmghm.	F	14	57	Milan	C	11	52
Blackpl.	C	13	55	Montrl.†	S	3	37
Bordx.	C	13	55	Moscow	—	—	—
Boulgn.	C	13	55	Munich	S	14	57
Bristol	C	13	55	Nairobi	F	25	77
Brussels	C	14	57	Naples	C	18	64
Budpst.	—	—	—	Nassau	—	—	—
Cairo	F	26	79	Nwcstl.	C	15	59
Cardiff	S	13	55	N.York†	S	11	52
Cas'b'ca	S	26	79	Nice	C	17	63
Cape T.	S	30	86	Nicosia	S	25	77
Cologne	C	15	59	*Oporto*	S	21	70
Cologne	C	7	59	Oslo	C	1	34
Cpnhgn.	C	9	48	Paris	C	13	55
Corfu	S	22	72	Perth	C	16	61
Denver†	S	3	37	Prague	C	12	54
Dublin	C	15	59	Rykjvk.	Sn	0	32
Dbrvnk.	S	19	66	Rhodes	S	23	73
Ednbgh.	C	14	57	Rio J'o†	—	—	—
Faro	S	21	70	Rome	C	17	63
Florence	C	16	61	Salzbrg.	C	14	57
Frankft.	C	14	57	S'ciscot	C	11	52
Funchal	F	23	73	*S. Mritz*	—	—	—
Geneva	C	8	46	Singapr.	—	—	—
Gibrltr.	F	19	66	S'tiago†	—	—	—
Gl'sg'w	C	13	55	Stckhm.	Sn	−2	28
G'rnsey	C	13	55	Strasbg.	F	14	57
Helsinki	S	0	32	Sydney	F	23	73
H. Kong	R	20	68	Tangier	F	24	75
Innsbrk.	S	15	59	Tel Aviv	C	24	75
Invrnss.	R	10	50	Tenerife	—	—	—
I.o.Man	C	13	55	Tokyo	C	16	61
Istanbul	—	—	—	T'r'nto†	F	1	34
Jersey	C	13	55	Tunis	S	22	72
Jo'burg	—	—	—	Valencia	S	22	72
L. Plms.	—	—	—	Venice	F	17	63
Lisbon	S	20	68	Vienna	C	11	52
Locarno	S	16	61	Warsaw	—	—	—
London	C	14	57	Zurich	S	14	57

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow.

†Noon GMT temperatures.

Chemical bid defies banking law

BY DAVID LASCELLES IN NEW YORK

CHEMICAL BANK, New York's fifth largest bank, yesterday added its weight to political pressure to reform U.S. banking law by proposing to take over one of the biggest banks in Florida.

As things stand U.S. banks are not allowed to take over banks in other states. Chemical's deal will not be able to go through until the law is changed. But it poses an outright challenge to U.S. banking law and is bound to fuel the congressional debate about banking reform.

It also seems designed to take advantage of the Reagan Administration's push for deregulation of the financial services industry.

Under the terms announced yesterday, Chemical will buy the maximum permissible stake in an out-of-state bank, 4.9 per cent. But it will also end up owning substantial amounts of non-voting stock and warrants which will pave the way for an outright takeover later.

The initial stake will cost Chemical about $20m (£10.7m). The remaining shares would be bought for the equivalent of one-and-a-half times Florida National's book value, or a minimum of $38 a share. Since the timing of the takeover depends on when, and if, the law is changed, the precise value of the deal could not be predicted yesterday.

Yesterday's arrangement, to which Florida National has agreed, is not the first in which large New York banks have positioned themselves for the day when inter-state banking is legalised. But it is the most concrete to date.

Citibank, New York's (and the U.S.') largest bank, has a $12m investment in a Chicago bank, and Chase Manhattan specific provision for a takeover and in Chase's case, the investment involved a troubled bank which was looking for a capital infusion.

Both houses of Congress are holding hearings on bank law reform, which promises to become one of the more heated issues of the new session. However, none of the bills so far proposed would open up inter-state banking or allow the Chemical deal to go through. *Most local banks* are fiercely resisting any relaxation of the present law precisely because they fear they will be gobbled up by the big New York banks.

For Chemical, which has assets of $46bn and is the sixth biggest bank in the U.S., the takeover would give it a foothold in one of the most prosperous states with a lucrative banking market based on the large retired population.

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